



**CHRIS HANI**  
DISTRICT MUNICIPALITY

**A N N U A L   R E P O R T**  
**FOR THE FINANCIAL YEAR**  
**2005/2006**





## CHAPTER I: INTRODUCTION AND OVERVIEW

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CHAPTER I  
**INTRODUCTION**  
AND OVERVIEW

Foreword: Executive Mayor  
Councillor M S Sigabi



## 1.1

### FOREWORD: EXECUTIVE MAYOR

This Annual Report attempts to sum up the work and performance of Chris Hani District Municipality during 2005/06 financial year. It reflects the growth of the institution from strength to strength in a period of substantive change at governance, management and organisational levels. One of the key activities of local government in the year under review has been the Local Government Elections held on the 1st March 2006. In preparation for these elections, various political parties developed and presented their manifestos to voters and communities, so that they can choose the best party that represent the interests of the majority of our people. These manifestos were giving clear mandates to the new councilors that were to take office.

We have a clear mandate to translate the vision contained in the Manifesto into specific plans and programmes in pursuance of the golden objective to make the lives of our people better. As a third sphere of government our strategy remains being to ensure that the people's contract to create work and fight poverty becomes a reality.

Though four local municipalities out of eight have new Mayors, three of them being women, the District Municipality had to a large extent carried on with its political and administrative work in a relatively stable environment. All councillors were inducted and oriented through the SALGA office of the Eastern Cape. The intention was to acquaint the incoming councillors with the relevant skills and understanding to ensure the smooth-running of councils and ensure that they become good cadres of a developmental Local Government.

In order to achieve our objectives we have aligned our programmes with the five Key Performance Areas like:

- Basic Service Delivery and Infrastructure
- Local Economic Development
- Municipal Transformation and Institutional Development
- Municipal Financial Viability and
- Good Governance and Community Participation



For the fundamental transformation of the District Municipality both the Integrated Development Plans and Budgets were adopted on the 30 May 2006.

We have put in place practical and realistic programmes through LED Programmes, agriculture being one of the key economic pillars of the District Municipality.

Through the MIG we continue to fight sanitation and water backlogs though some challenges would be highlighted and proposals made to take the process forward. As we look at the current trends, it appears highly unlikely that the national targets for water and sanitation will be met, however, we strive to meet these targets.

The financial viability of the District Municipality has been severely affected by the abolishment of levies and local municipalities continue to engage in a seemingly losing battle against growing municipal debt and arrears, largely because of the inability to pay for services by the majority of our population.

In promotion of good governance, we have established Internal Audit Units and Audit Committees, and are in the process to establish shared services with the local municipalities.

We have maintained contact with the people as our effort to build a people-centred government through the Ministerial Imbizos, Ward Committees, CDW's, IDP Forums and Budget Imbizos are gaining momentum.

Though we have aligned our IGR Structures with the IGR Framework Act, provincial departments continue their indebtedness with municipalities resulting in audit queries,

We continue to monitor and review the management work through the Performance Management System and the Oversight Function. The District Municipality is however in a process of establishing a Performance Audit or an Oversight Function Committee. We hope this will assist management to attend to any deficiencies and shortcomings in the shortest possible time so as to use successes to further accelerate the delivery of services.

Yes, the process to change our people's lives is not easy, however, through partnerships we can emerge as victors. Our system of governance makes it legal that we periodically account on our activities for purposes of transparency to the people hence we present this report for public scrutiny.

Thank you,

M. S. SIGABI  
EXECUTIVE MAYOR

Speaker  
Councillor N Pasha



## 1.2

### SPEAKER'S REPORT

Let me take this opportunity to make few remarks in terms of the operation of the Council. As a Presiding Officer of Council, I take mandate from the Municipal Structures Act 117 of 1998 that speaks to compliance in the undertaking of the responsibilities bestowed on us as Councillors. The epic of that is the non-delegated matters that must be executed directly by Council:

- Integrated Development Plan
- Budget
- Audit Report
- Internal Audit Report
- Annual Report
- Rates movement
- Policy approvals

The IDP process went well and covered all the stakeholders concerned and as such led to Council approving it. This is a great step in the move to make sure that the communities, politicians and officials at all spheres interact in partnership in creating a better life for all. The priorities were then defined into a multi-year budget that seeks to attend to the needs of our communities in a sustainable way. The budget statement and the actual budget made by the Executive Mayor and the Portfolio Councillor convinced the Council to approve the budget based on the IDP priorities.

There is a need to look as to how we engage the politicians more meaningfully to the budget process. There is a level of comfort in terms of the IDP but we need to do the same with the budget. It is my submissions that we should seriously consider the budget committee that comprises of both politicians and officials that would work towards fulfilling this very important function.



The Audit Report is still a challenge that needs to be attended to. There are other processes that involve the Accounting Officer and the Executive Mayor, like the audit plan that talks to processes and discussion of the management letter with the Auditor General. These processes need to be strengthened and Council to have a preview in terms of the whole process.

I submit again that we need to look at the possibilities of the SCOPA-like internal committee that will interrogate the internal audit risk management report, management letter and the actual audit report for purposes of improving our performance on this avenue. We need clean reports and that is where we shall have comfort.

The Annual Report has been done properly and in time. We appreciate the effort and keep on the good work. The only element is to focus more on the technical design and content arrangement as a way of improvement.

The rates and services proposals that were made in terms of the water services was not approved by Council. It was good to undertake a proper reasoning in terms of the holistic rates hike process. That talks to participation of communities, the road show, the reason behind the proposals and giving enough time for partners to reason through the proposals.

The policy development is a core function of supporting the work that we are doing. It is very important that we have policy guide on any piece of work that we are undertaking. The process is a bit slow and is caused by a number of factors. It is my resolve that the Directorate responsible, Policy Committee and the Office of the Speaker develop a clear process of undertaking the whole policy cycle.

In conclusion, let me make this point that we are on the right track let us continue and take mistakes positives as a learning curve. As the duties of the Office of Speaker are snow-balling, it is time we consider the staffing the office. I want to make a call to councillors to attend Council meetings and of Committees and not just send the apologies. The Council need your input rather than your letter that does not talk to developmental issues. It is worrying when this state of affairs accrues. There are no Council meetings that are postponed- thank you for those dedicated and please continue on that true path. Those who default shall be dealt with in terms of the Code of Conduct.

Let me thank the Executive Mayor for our good relationship, the Chief Whip guiding through the Council processes, political parties and councillors for being positive in the development agenda to create a better life for all.

A handwritten signature in black ink, appearing to read "N. Pasha", is written over a light blue rectangular background.

N. PASHA  
SPEAKER

Municipal Manager  
Mr. M S Mbambisa



### 1.3

## OVERVIEW BY THE MUNICIPAL MANAGER

### BACKGROUND

The financial year 2005/6 has indeed been a significant one, as we ushered into the second term of Local Government. President Mbeki referred to this phase of our democracy as an 'Age of Hope' in his February 2006 State of the Nation address. In terms of the Municipal Finance Management Act (MFMA), the Accounting Officer must submit an annual report to the Mayor of a municipality six months after the end of the financial year, which must within seven months after the end of a financial year be tabled in the municipal council. As we embrace the success of this milestone, this annual report will place into perspective our role as the District Municipality entrusted with the responsibility of our own functions that will be explained in this report and the support rendered to our local municipalities.

### PROCESS FOLLOWED

As required by the Municipal Systems Act, our Integrated Development Plan (IDP) was reviewed and amended by March 2006. A copy of the reviewed IDP was submitted to the MEC of the Department of Housing, Local Government and Traditional Affairs. Our budget was linked to the IDP and adopted by Council on the 31 May 2006. The council has adopted an organizational Performance Management System (PMS) linked to the IDP, which is based on the Balanced Score Card. This system will assist communities to set key performance areas with targets that they can regular monitor. The process of the IDP, Budget and PMS was done in consultation with the communities. Road shows were conducted in all our local municipalities presenting the reviewed Integrated Development Plan and draft budget for the next financial year.

### IMPLEMENTATION

The implementation of the IDP was done through various Directorates which will be covered in this annual report. Monthly reports for each Directorate were submitted in various Standing Committees of Council. Quarterly reports were tabled to Council. These reports are now consolidated into this annual report which will also be tabled to Council. My view on the performance of the District Municipality is that there is gradual



improvement in service delivery although there are challenges. We have managed to spend all our Municipal Infrastructure Grant (MIG) allocation before the end of our financial year, and more people have access to basic services. We have also established a Budget and Treasury Office and introduced a new e-Venus accounting system. This will hopefully improve our management of finances within the municipality. Our Council together with the local municipalities will be investigating a shared internal audit and audit committees model in the next financial year.

#### CHALLENGES

- Although the institution is growing staff turnover continues to be a challenge. This financial year 15 staff members have resigned for better salary packages in other organisations
- The targets set by national government (i.e. bucket eradication by December 2007, water by 2008 and sanitation by 2010) will not be met unless more funding is made available
- The conversion from IMFO to GRAP Financial Statements requires our Budget and Treasury Office to be strengthened
- Our Audit report was a 'disclaimer' and we need a strategy to change this situation
- The introduction of the Supply Chain Management regulations requires creation of new structures and improvement of systems

#### CONCLUSION

The new term of local government can indeed be characterised as one of the great opportunity and hope for all people in our district especially the poor. The District Municipality with the support of all our local District Municipalities will continue to improve the lives of our people. We once again invite members of the public and stakeholders to participate in the programmes of the District Municipality. These achievements in this financial year would not be possible without the dedication and contributions by staff members of the District Municipality. I would like to extend my sincere appreciation to all councillors in the leadership of the Executive Mayor for providing guidance, and to Heads of Departments and management for their support during this financial year.

**Thanks to you all.**

M S MBAMBISA  
MUNICIPAL MANAGER



**Cllr Mafuza Sigabi**  
Executive Mayor



**Cllr Nonceba Pasha**  
Speaker



**Cllr Ray Shweni**  
Chairperson Finance  
Standing Committee



**Cllr Mxolisi Koyo**  
Chairperson IPED  
Standing Committee



**Cllr Lindiwe Gunuza**  
Chairperson H & CS  
Standing Committee



**Cllr Nonkosi Mvana**  
Chairperson  
Engineering Committee



**Cllr Ray Xuma**  
Chairperson G & ID  
Standing Committee



**Cllr Nozithembiso Dzedze**  
Mayoral Committee  
Member

## 1.4

### EXECUTIVE SUMMARY

#### BACKGROUND

Chris Hani District Municipality is established in terms of the Municipal Systems Act 32 of 2000, Section 12 notice. It is a democratically elected Category C municipality, comprising of proportionally represented councillors, nominated councillors from category B municipalities and ECDMA under its jurisdiction. The Council forms part of the local sphere of government, which is closely located to the people. Chris Hani District Municipality exercises its duties and functions through its constituent municipalities. Since the local government elections, which were held in December 2000, CHDM is about 37 294 square kilo meters with the total population of 822 778 (Census 2001) and has 8 category B municipalities under its jurisdiction i.e.:

- |                      |            |                 |          |
|----------------------|------------|-----------------|----------|
| ■ Inxuba Yethemba LM | – EC 131   | ■ Tsolwana LM   | – EC 132 |
| ■ Inkwanca LM        | – EC 133   | ■ Lukhanji LM   | – EC 134 |
| ■ Intsika Yethu LM   | – EC 135   | ■ Emalahleni LM | – EC 136 |
| ■ Engcobo LM         | – EC 137   | ■ Sakhisizwe LM | – EC 138 |
| ■ Mountain Zebra     | – ECDMA 13 |                 |          |



#### VISION

A well capacitated Municipality characterised by a good quality of life and a vibrant, self-sufficient economy driven by skilled communities living in a safe and healthy environment.

#### MISSION

To provide affordable quality services, alleviate poverty and facilitate social and economic development of the area through integrated development planning, co-operative governance, skills development and sustainable utilisation of resources.

#### VALUES

- Respect and Diversity
- Achievement and Commitment
- Transparency, Integrity and Honesty
- Ubuntu
- Enjoyment
- Teamwork

#### GUIDING PRINCIPLES

A number of guiding principles were formulated and framed by National and Provincial legislation policy papers and Acts. The Chris Hani District Municipality's IDP Representative Forum adopted the following principles:

- To focus on the previously disadvantaged rural and urban areas;
- To prioritise the prime sector through Local Economic Development;
- To provide faster access to basic services;
- To provide skills especially for women, youth and disabled;
- To provide physical infrastructure projects;
- To ensure sustainability (Local Agenda 21 issues) of projects;
- To link IDP with Performance Management System (PMS);
- To build capacity in the priority areas
- To develop M+E mechanisms to manage IDP related activities.







CHAPTER II  
**PERFORMANCE**  
REPORTS

## AUDITOR GENERAL'S REPORT ON THE PERFORMANCE REPORTS FOR THE YEAR ENDED 30 JUNE 2006

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### 2.1.1 ASSIGNMENT

The compilation, presentation and publishing of performance measurements and the implementation, management and internal control of supporting systems, are the responsibility of the accounting officer.

My responsibility is to provide an assessment of the controls implemented by the accounting officer to develop and manage the municipality's Performance Management System as required by section 45(b) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

My role is not to assess or comment on the municipality's actual performance, but rather to assess the processes followed during the implementation of the Performance Management System.

### 2.1.2 NATURE AND SCOPE

A high-level overview was performed which indicated that performance measurement and supporting systems have not progressed to the point where they can be audited. Therefore no audit was performed and the procedures performed were limited to high-level overview interviews.

### 2.1.3 FINDINGS

I report my findings and matters which came to my attention during the high-level interviews below:

Management has reviewed their Integrated Development Plan during the financial year under review and appear to have implemented controls to implement and manage the municipality's Performance Management System (PMS) at an individual level.

It was noted that an organisational PMS was established during the year, however it was not implemented nor monitored. Further, it has not been applied to staff members below section 57 employees.

Consequently, at an organisational level, we were unable to evaluate the municipality's PMS as none of the following key activities to promote the implementation of a PMS, have taken place:

- Development and implementation of a performance management system.
- Development and implementation of key performance indicators.
- Setting targets for the developed key performance indicators.
- Internal monitoring and control.
- Performance measurement and reporting.

It is acknowledged that Council has implemented individual performance contracts and relating measurement procedures since July 2003.



#### 2.1.4 CONCLUSION

Because the above procedures do not constitute either an audit or a review made in accordance with Statements of South African Auditing Standards, I do not express any assurance on any performance measurement as at 30 June 2006.

#### 2.1.5 APPRECIATION

The assistance rendered by the staff of Chris Hani District Municipality during the assignment is sincerely appreciated.

A handwritten signature in black ink, appearing to read "S M Ngqwala".

S M Ngqwala for Auditor-General  
East London  
31st March 2007



AUDITOR - GENERAL

## 2.2

## COMMUNICATIONS SECTION

### 2.2.1 OBJECTIVES

- To develop implement and review CHDM's Communications Strategy
- To develop and implement CHDM's Marketing Strategy
- To enhance working relations between the CHDM and its stakeholders
- To advise the Council on the stakeholder's needs and perceptions
- To create and maintain a good image about the institution

### 2.2.2 DESCRIPTION OF ACTIVITY

Communication is a cross cutting function within the institution, it is a strategic management and a political programme which is vast in its nature. The focus currently is on external communication and internal communication; however there is a need to beef up the section so that communication can be broadly enhanced. Currently Communications Officer and Website Content Author are responsible for Communications.

The Communications function is a legislative requirement in terms of Municipal Systems Act 32 of 2000 and Municipal Finance Management Act 56 2003.

The functions performed amongst others includes the following: Media Liaison; production of newsletters, information booklets, leaflets; Photographing; responsible upholding corporate identity; organising promotional material; maintenance of website; consolidation and production of annual reports; dissemination of information; assist during Imbizo or Outreach Programmes; encouragement of community participation, establishment of communication structures etc.





### 2.2.3 KEY FUNCTIONS FOR 2005/06

- Implementation of Communications Strategy (Media Liaison, Media/Newsletter Production, and Photographing)
- Marketing of Chris Hani District Municipality
- Production of Annual Report
- Website Maintenance

### 2.2.4 ACTIVITIES DURING 2005/6

#### COMMUNICATION IS AN ONGOING PROCESS

Municipal System act 32 of 2000, Chapter 4 requires the Chris Hani District Municipality to ensure public participation of the communities and stakeholders. In order to discharge this mandate the District Municipality has embarked on the following mechanism:

- The Communication's Section continue to implement the Communications Strategy. A number of media statements, media interviews for Political Principals were issued and organised on various aspects across the organisation, focusing on achievements, programmes, plans and challenges.
- Profiling of CHDM programmes and projects through print and electronics media was done
- Media monitoring is ongoing
- District Communicators Forum was established and is fairly functional
- Uphuhliso Newsletter is produced quarterly and various publications e.g. Mayors Speeches, Leaflets, Brochures about CHDM information were published and distributed.
- Advertising space for marketing Chris Hani District Municipality was organised in National Magazines e.g. Impumelelo Magazine, Portfolio of Municipalities e.t.c
- CHDM events are continuously publicised.
- The Annual Report for 2004/05 was developed, produced and distributed.
- Communication with communities has improved
- New Council and Mayoral Committee were published and profiled
- Quarterly advertising space for marketing the District Municipality was organised on Regional and Local newspapers, as one of marketing programmes.
- Brochures, or leaflets with Chris Hani District Municipality Profile, State of the District Address, Budget, Supporting particular campaign e.g. Non-violence against Women and Children were developed and distributed.
- Retractable stands and banners with CHDM projects were produced.

- The section is responsible for the continuous organisation of institutional development items i.e. business cards, name badges, diaries, calendars, customised stationery, car stickers with CHDM Logo e.t.c.
- Photographing and videotaping of District events has been performed successfully e.g. Freedom Day Celebrations, Youth Day, CHDM Year End Function, Women's Day and Wellness Day, some photos were published.
- This section has been central in the organisation of events, and communication programmes e.g. Imbizo's, State of the Nation Address, State of the Province Address, and IDP and Budget road shows.
- Support to local municipalities was provided on the following areas:
  1. Assist with Communication programmes e.g. Media Liaison for some Local Municipalities.
  2. Assisting some local municipalities in terms building their corporate identity.
  3. Organising promotional material for various events and programmes.

#### **WEBSITE MAINTAINANCE**

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- Municipal Finance Management Act 56 2003 section 75, requires critical information to be loaded in the website. This function is performed and the information is being uploaded in the website daily.

#### **CONTENT UPDATE**

- The office has been involved with the upkeep and maintenance of the website. A large part of that function was to continuously and timely update the website with relevant content as per legislation e.g. Budget, IDP, Annual Report, Tenders etc.
- Organisational profiling has been initiated and is progressing fairly well; the exercise explicitly outlines the roles and functions of the CHDM and every directorate that are therein. The project is at a reconciliation phase.
- In addition there is a process to upload all the images that were taken in CHDM events over the past three years.

#### **OTHER PROGRAMMES**

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- The office is involved with the review of the Professional Services Providers roster.
- The office also assisted and advice on graphic creation, manipulation and formatting.
- Furthermore, the Communications Section has been in constant contact with the provincial web management office so as to be aware of the Provincial mandate with regard to web platform solutions and the future planning for local Government. Strategic documents have been forwarded to both the local office and the Provincial office to align operations and ensure that there is synergy in the plans for the future.
- The Communications Section has also contributed to the strategy/ plan by the Provincial office for new web based solutions enhancing intranet, extranet and internet communiqué.



## 2.2.6 PERFORMANCE REPORT

<b>Measurable outcome</b>	:	Develop/Review and Implement Communications Strategy for 2005/06 financial year
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Strategic Session</li> <li>• Develop Communications plan</li> <li>• Identify programme to profile the CHDM</li> <li>• Look at risk areas</li> </ul>
<b>Project leader</b>	:	Ms Mbangcolo
<b>Budget 2005/06</b>	:	R 1 272 800
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>• Communication Strategy</li> <li>• Inform the Public in the performance of CHDM on the key performance areas</li> <li>• Know the risks and mitigate them</li> </ul>
<b>Due date</b>	:	June 2006
<b>Percent complete</b>	:	100%
<b>Budget spent</b>	:	R 1 372 111
<b>Stakeholders/ partners</b>	:	<ul style="list-style-type: none"> <li>• Office of the Premier</li> <li>• Government Information System</li> <li>• Local Municipalities</li> <li>• Government Departments</li> </ul>
<b>Challenges</b>	:	Funding is always a challenge.

<b>Measurable outcome</b>	:	Media Strategy and Monitoring
<b>Activities/ project description</b>	:	<ul style="list-style-type: none"> <li>• Organising Radio talkshows, interviews for Political Principals and Senior Managers with Radio Station that covers CHDM.</li> <li>• Perform media monitoring.</li> <li>• Development of Newsletters(Uphuhliso) and securing of advertising space (press media)</li> <li>• Producing and distributing Executive Mayors Speech.</li> <li>• Development of Information Booklets</li> <li>• Photographing of CHDM projects/deliverables</li> </ul>
<b>Project leader</b>	:	Ms Mbangcolo
<b>Budget 2005/06</b>	:	R 982 000

<b>Key deliverables</b>	: • Populate IDP and its implementation. • Profile the programmes and events that CHDM is undertaking so that the public knows how the resources are spent. • Give correct perspective about CHDM in terms of Media Speculation • Communicating CHDM Programmes, achievements and challenges. • Informed Public about Government policies and intention. • Disseminate information to communities. • Benchmark the CHDM and showcase its activities • Keep abreast of all the media issues that pertain to CHDM and local government general.
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: R 982 000
<b>Stakeholders/ partners</b>	: • Media • Service Providers
<b>Challenges</b>	: How best the institution can utilise Media to populate its programmes.

<b>Measurable outcome</b>	: Marketing & Branding
<b>Activities/ project description</b>	: • Organise Quarterly Advertising Space with National Magazine. • List CHDM in Directory Companies • Develop corporate identity and ensure it is adhered to. • Develop customised stationery, promotional material, Car Decals etc.
<b>Project leader</b>	: Ms Mbangcolo
<b>Budget 2005/06</b>	: R 250 000
<b>Key deliverables</b>	: Well known CHDM
<b>Due date</b>	: Quarterly and Ongoing
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: R 350 000
<b>Stakeholders/ partners</b>	: Service Providers
<b>Challenges</b>	: Funding is always a challenge to market and brand CHDM.

<b>Measurable outcome</b>	: Annual Report be produced annually
<b>Activities/ project description</b>	: • Collect performance report from all HOD's and sectional Heads. • Executive Mayor to provide his note. • Speaker to reflect on Council • Municipal Manager provide overview • Collate the document after being prepared, include Auditor General's Report.
<b>Project leader</b>	: Ms Mbangcolo
<b>Budget 2005/06</b>	: R 100 000



<b>Key deliverables</b>	: • Produce an Annual Report that will be approved by Council • Be sent to : - Auditor General - DLGH & TA - Provincial Treasury - Stakeholders
<b>Due date</b>	: 30 days after Council has approved A G report, Annually
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: R 100 000
<b>Stakeholders/ partners</b>	: Service Providers
<b>Challenges &amp; proposed solutions</b>	: Always delayed by the finalisation of the Auditing of CHDM and production of the AG report.

<b>Measurable outcome</b>	: Ensure Website is maintained and runs effectively
<b>Activities/ project description</b>	: • Collect and upload the key information to the website as required. • Monitor the information and suggestions
<b>Project leader</b>	: Ms Mbangcolo, Mr. G Ndlovu
<b>Budget 2005/06</b>	: Operational Budget
<b>Key deliverables</b>	: Website to have updated information, and its user friendly.
<b>Due date</b>	: 30 days after Council has approved A G report, Annually
<b>Percent complete</b>	: Ongoing
<b>Budget spent</b>	: Ongoing
<b>Stakeholders/ partners</b>	: Eastern Cape Department of Housing Local, Government & Traditional Affairs
<b>Challenges</b>	: Directorates provides information very late or do not provide it at all.

## 2.2.6 CHALLENGES

- Non sufficient funding and inadequate personnel
- Inadequacy of local electronic media needs to be improved
- Lack of co - ordination and integration of District activities.
- Communication amongst the three spheres of government needs to be strengthened



## 2.3

## INFORMATION COMMUNICATION TECHNOLOGY UNIT

### 2.3.1 OVERVIEW AND BACKGROUND

The mandate of the Information Communication Technology Unit is to provide information and communication technology service and support to the District Municipality and to provide secure, reliable and consistent platform for information accessibility.

The unit is responsible for driving technological innovations, aligning ICT to the organisational strategic plan (IDP) and supplying and supporting ICT infrastructure for approximately 150 computers in 4 remote sites.

### 2.3.2 STRATEGIC OBJECTIVES

- Enable effective operation of the municipality's service delivery functions by ensuring development, implementation and maintenance of appropriate systems.
- Provide the crucial, secure and sustainable infrastructure based on the most appropriate technology
- Ensuring access to accurate and timely information at all times for Executive and management decision support
- Increasing efficiency and effectiveness through continuing assessment, quality improvement and accountability to stakeholders
- Ensure development of an ICT Strategy and link it with ICT strategies of Local Municipalities
- Ensure effective and efficient electronic communication
- Formulation and implementation of ICT Policies
- Ensuring availability of electronic communication systems (Internet and email)
- Ensure business continuity and integrity and availability of the organisation's information assets by implementing a data backup system.





### 2.3.3 DESCRIPTION OF ACTIVITY

With two staff members, the ICT unit is the support function reporting to the municipal manager. The function of the unit is co-sourced. The information systems are in-house but the infrastructure is supported by the external service provider who works with the internal ICT staff. The District Municipality has a service level agreement with a service provider to provide technical support and maintenance of the ICT infrastructure. An on-site technician provided by the SP works with the CHDM technician to provide desktop support and report to the ICT manager.

The ICT functional services rendered includes, but not limited to the following:

- Service delivery: Management of ICT services that involves a number of management practices to ensure that the services are provided as expected by Council, management and users. Service delivery involves:
  - Service Level Management
  - Capacity Management
  - Availability Management
  - Security Management
- Service support: Specification, implementation and support of hardware and software infrastructure including:
  - Desktop support (computers, printers, laptops and other ICT equipment)
  - Server support
  - Network support (WAN, LAN, network equipment)
  - ICT systems security
  - Systems/Application
  - Email and internet
  - Service Desk (helpdesk and consumable provisioning)
  - Problem Management (Fault monitoring and recovery and problem analysis)
  - Configuration Management
  - ICT assets management

### 2.3.4 ACTIVITIES DURING 2005/06

#### LAUNCH OF MASTER SYSTEMS PLAN (MSP)

The development of the Master Systems Plan was underway at the beginning of the financial year. Compilation of MSP documents for the District and local municipalities was completed and the MSPs were handed over to the municipalities. These Master Systems Strategic Plans are a key in ensuring that the ICT units provide efficient and effective service delivery to the municipalities.

#### ICT AUDIT

A company was appointed to conduct an ICT audit to ensure efficiency and effectiveness of ICT systems. The main focus of the audit was the infrastructure, to assess the capabilities of the existing infrastructure in sustaining and keeping up with the needs of the growing organisation and checking compliance with best practices and latest industry standards. The audit will assist in the budgeting process for the ICT unit.

#### DEVELOPMENT OF A BACKUP STORAGE SYSTEM

Implementation of the SAN is now almost complete. All information on user computers is being backed up to the server. The remaining element is backing up onto tapes.

#### INFRASTRUCTURE UPGRADE

A few changes and upgrades were made to the infrastructure including changing the email system from UNIX to Microsoft exchange, changing the antivirus system which has successfully protected our computer systems to date and some computer replacements.

#### WEBSITE DEVELOPMENT

Websites for two other local municipalities were developed by the end of the year in addition to the two that were developed last year.

#### SERVICE SUPPORT

Service support is an ongoing process. The service level agreement with the ICT service provider was redefined to ensure that the services provided by the SP add value to the district municipality and to improve ICT service support to CHDM users. Clear and proper communication channels for logging calls were identified and communicated to users and are enforced. The unit is receiving assistance from a volunteer member who assists in providing helpdesk functions, responding to user calls, dispatching logged calls to technicians and communicating call status to users. Due to these changes and improvements in service support, there have been indications of increased user satisfaction.

### 2.3.5 PERFORMANCE REPORT

<b>Measurable outcome</b>	:	Develop master system plan for District and Local Municipalities
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"><li>• Assess systems</li><li>• Develop strategy action plan</li><li>• Financial implications</li><li>• Implement plan</li></ul>
<b>Project leader</b>	:	Ms Somtombo
<b>Budget 2005/06</b>	:	R 1 500 000 (40% co-funding by the DM)



<b>Key deliverables</b>	: • Master Systems Plan • Funded plan • Action plan for implementation
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: Total spent R 3 600 000 (R 1 430 000 from DM budget and R 2 140 000 Funding received from DBSA)
<b>Stakeholders/ partners</b>	: • DBSA • Service Providers
<b>Challenges</b>	: The MSP documents need to be revised due to some discrepancies in document content.

<b>Measurable outcome</b>	: ICT audit to understand the ICT
<b>Activities/Project Description</b>	: • Terms of reference for the audit • Appointment a company • Monitor progress
<b>Project leader</b>	: Ms Somtombo
<b>Budget 2005/06</b>	: R 300 000
<b>Key deliverables</b>	: A document that details the status of the ICT at CHDM and what actions to undertake
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: R205 200
<b>Stakeholders/ partners</b>	: Consultants
<b>Challenges</b>	: Staff/skills to implement the results of the audit

<b>Measurable outcome</b>	: Develop a back up storage
<b>Activities/Project Description</b>	: • Design a plan • Have the server • Implement the process
<b>Project leader</b>	: Ms Somtombo
<b>Budget 2005/06</b>	: R 200 000
<b>Key deliverables</b>	: Ensure that the CHDM information assets are available in case an incident or disaster occurs. Taking daily backups and keeping offsite storage media
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: R200 000
<b>Stakeholders/ partners</b>	: Consultants

<b>Challenges</b>	: Users had to change their way of saving information to ensure that it is being saved to the Storage Area Network (SAN). Solution: Workshopping users on always saving on my documents and informing them of the risks involved in not doing so.
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<b>Measurable outcome</b>	: Infrastructure upgrading to sustain the volume required
<b>Activities/Project Description</b>	: <ul style="list-style-type: none"> <li>• Converting to a wireless WAN</li> <li>• Change email system from UNIX to Microsoft Exchange</li> <li>• Deal with virus challenges</li> </ul>
<b>Project leader</b>	: Ms Somtombo
<b>Budget 2005/06</b>	: R 300 000
<b>Key deliverables</b>	: <ul style="list-style-type: none"> <li>• Improved data transmission speed between remote sites.</li> <li>• Work in Microsoft exchange.</li> <li>• Manage active directory</li> <li>• Anti- virus software installed on server and deployed &amp; automatically updated on PCs on the network.</li> </ul>
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: R120 000
<b>Stakeholders/ partners</b>	: Consultants
<b>Challenges</b>	: Wireless network initially became unstable due to natural causes (e.g. weather or object between sites obscuring transmission) but later stabilised.

<b>Measurable outcome</b>	: Web-site development to comply with MFMA requirements
<b>Activities/Project Description</b>	: <ul style="list-style-type: none"> <li>• Design what is wanted</li> <li>• Link with service providers</li> <li>• Design website</li> </ul>
<b>Project leader</b>	: Ms Somtombo
<b>Budget 2005/06</b>	: R 50 000
<b>Key deliverables</b>	: Have a Website to upload information as required.
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: R 0.00
<b>Stakeholders/ partners</b>	: EC Department of Housing, Local Government & Traditional Affairs
<b>Challenge</b>	: Co-operation with internal Department to provide information for uploading.



#### 2.3.6 CHALLENGES

- There is need to facilitate remote access to e-mails
- Inadequate resources (budget and capacity) within the ICT unit to support the DM and to provide support to Local Municipalities
- Lack of application knowledge by users.
- Non existence of an intranet
- Inadequate knowledge transfer by ICT partners.
- Lack of a proper electronic helpdesk system

#### 2.3.7 RECOMMENDATIONS

- Upgrading the network infrastructure (some servers and network equipment) for standardisation and ease of network and resource management.
- Finalizing and communication of ICT policies to users.
- Development and documenting of ICT procedures.
- A need for user training on applications that are used within the DM has been identified
- Consolidation of the District and Local municipalities Master Systems Plans and implementation.
- Development of an ITIL compliant system.

#### 2.3.8 CONCLUSION

Having the Master Systems Plan in place and the ICT audit report will considerably improve the efficiency and effectiveness services provided by the ICT unit. These documents will provide clear direction for the unit. The MSP is a high level executive document that defines the mandate and clear roles and functions of the ICT unit. Strategic objectives and deliverables are clearly defined as well as priorities and an implementation plan.

The unit needs to considerably improve the effectiveness of ICT support provided by the District Municipality to local municipalities. This is difficult with the current staff compliment at the DM. The ICT forum needs to be revived and strengthened to address the challenges faced by the organisations such as sharing of information, leveraging the economies of scale, interoperability of systems to ensure alignment and sharing of systems to reduce cost of ownership.

The ICT Steering Committee is now playing a visible role in ensuring that the services rendered by the ICT unit are in-line with Council and management expectation. The commitment and co-operation of the current ICTSC members is appreciated.

## 2.4

## DISASTER MANAGEMENT SECTION

### 2.4.1 OBJECTIVES OF THE SECTION

- To promote coordinated and integrated approach to Disaster Management.
- Act as an advisory and consultative body on issues concerning disasters and Disaster Management within the Chris Hani District Municipality.
- Promote community participation in Disaster Management issues.
- Act as repository of and conduit for, information concerning Disasters and Disaster Management within Chris Hani District Municipality.

### 2.4.2 MAIN PROJECTS

#### DISASTER MANAGEMENT CENTRE

The construction of the Disaster Risk Management Centre is now completed although the final official hand-over has not been done due to certain processes that needs to be undertaken. We are in the process of equipping the Control Room and the Disaster Operation Centre (DOC).

#### SATELLITE CENTRES - DISASTER MANAGEMENT

Satellite Centres for Disaster Management have been operational as of 01 February 2005 in all the six (6) identified areas which are:

Emalahleni	– Lady Frere	Engcobo	– Engcobo
Intsika Yethu	– Cofimvaba	Inxuba Yethemba	– Cradock
Sakhisizwe	– Elliot	Tsolwana	– Tarkastad

Currently all the above mentioned offices are administered by two (2) volunteers per municipality, until such time a budget for employment of permanent people is available.





## DISASTER MANAGEMENT PLANS

The District Disaster Management Centre is in a process of drafting a Disaster Management Plan in terms of Section 53 of the Disaster Management Act 57, 2002 for the District Municipality. We firstly are going to do a Risk Assessment of the entire district where after a Disaster Risk Management Plan will be drawn together with the contingency plan based on the outcomes of the Risk Assessment. We are in the process of going out on tender to get a credible firm to do the Scientific Risk Assessment and Hazard Mapping.

## INCIDENTS

In January 2006 the Centre was notified of various incidents within the CHDM area, to an extent that Emalahleni, Ngcobo, Intsika Yethu, Lukhanji and Tsolwana Municipal areas within CHDM were declared disaster areas.

INCIDENT	LM	AREAS/VILLAGES	DAMAGE	ACTION TAKEN
Severe storms	Lukhanji	Lower Hukuwa and surrounding Mlungisi Township and surrounding	Structural and Infrastructural Damages	Some Houses and infrastructure had been repaired
Tornadoes	Intsika Yethu	Siqabheni village, Tshatshu, Bolotwa	Structural Damages	Some houses were repaired
Gale Force Winds	Engcobo	Manzana, Sinqubeni, Debera, Msintsana, Gubenxa and Luhewini	Structural Damages	Damaged Structures were repaired
Gale Force Winds and Heavy Rains	Tsolwana	Beccle's farm village, Thornhill, Zola Township, Eluxolweni	Roads and Bridges	Temporary measures were taken to repair damaged roads and bridges
Flash Floods	Emalahleni	Lady Frere, Bengu, Mkhaphusi, Maqhashu, Luthuthu, Ngqoko, Lanti	Roads, Bridges, and Loss of Life (two teachers and four learners)	Temporary measures were taken to repair roads and bridges but still bad
Hailstorms	Sakhisizwe	Elliot	Broken window panes and Asbestos roofing sheets	R150, 000.00 was given to the municipality for repairs of which some houses were insured.





## EDUCATION AND AWARENESS

The Centre commemorated the International Strategy on Disaster Reduction (ISDR) Day in 2006 through Education and Awareness programmes at District and Local Municipality levels. Municipalities that took part on the programme are:

- |                 |              |
|-----------------|--------------|
| ■ Emalahleni    | ■ Engcobo    |
| ■ Lukhanji      | ■ Inkwanca   |
| ■ Intsika Yethu | ■ Sakhisizwe |
| ■ Tsolwana      |              |

We did not get any support from both the Department of Education and the Municipality officials at Inxuba Yethemba and that resulted on Inxuba Yethemba not partaking on the programme. Several attempts to get them on board were made but did not bear any fruit.

We were also joined by the Amathole District Municipality on the final days of the programme which was also attended by a delegation from Switzerland, United Nations, the Honourable Deputy Minister of DPLG, the Honourable Premier of the Eastern Cape and representatives of other provinces and District Municipalities.

The programme started at the Municipal level and progressed to the District level. It is in the form of competitions where schools compete in Choral Music, Home Theatre (Drama) and Visual Art. All these performances should have a disaster related message.

## CAPACITY BUILDING

During the period under review the centre has undertaken the following training for CHDM and local municipality personnel:

- Emergency Response and Trauma
- Fundamentals of Disaster Risk Management
- Disaster Management Planning
- Fundamentals of Disaster Risk Management for Councillors.

## DISTRICT DISASTER RISK MANAGEMENT FRAMEWORK

The District Municipality's first draft of its Disaster Risk Management Framework established in terms of Section 42 of the Disaster Management Act 57, 2002 has been finalised.

We have begun a consultative process in terms of Section 42(2) of the Disaster Management Act and extended that to Sector Departments and other relevant stakeholders represented on the Disaster Management Advisory Forum, and after that we will go to the general public in the form of public meetings convened specifically for the same purpose.



After the consultative process has been finalised and amendments if there are any been done on the document it will be gazetted as a final policy of the District Municipality.

#### INTERGOVERNMENTAL RELATIONS AND OTHER PARTNERSHIPS

The Centre is an active member of the following structures and institutes:

- Provincial Disaster Management Advisory Forum
- Eastern Cape Emergency Services Co-ordinating Committee (ECESCOC), Northern Region.
- Disaster Management Institute of Southern Africa (DMISA)

The District Disaster Management Advisory Forum which is composed of relevant stakeholders/role players is fully functional.



### 2.4.3 PERFORMANCE REPORT

<b>Measurable outcome</b>	:	Building of Disaster Mngement Centre that will focus on disaster risk reduction and respond promptly to incidents that could be disastrous.
<b>Activities/Project Description</b>	:	• Funding Development
<b>Project leader</b>	:	Ms Nohashe
<b>Budget 2005/06</b>	:	R 3 800 000
<b>Key deliverables</b>	:	A compliant and operational Disaster Management Centre
<b>Due date</b>	:	June 2006
<b>Percent complete</b>	:	95%
<b>Budget spent</b>	:	R 3 600 000
<b>Stakeholders/ partners</b>	:	Eastern Cape Department of Housing and Local Government
<b>Challenges</b>	:	The building needs to be extended.

<b>Measurable outcome</b>	:	Develop Disaster Management Plan
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Risk Assessment</li> <li>• Grade the risks</li> <li>• Draw the plan</li> <li>• Prioritise the risks</li> </ul>
<b>Project leader</b>	:	Ms Nohashe
<b>Budget 2005/06</b>	:	Operational Budget
<b>Key deliverables</b>	:	Know exactly the risks and act in accordance in mitigating the situation
<b>Due date</b>	:	Annually
<b>Percent complete</b>	:	0%
<b>Budget spent</b>	:	R 0.00
<b>Stakeholders/ partners</b>	:	All stakeholders
<b>Challenges</b>	:	Funding to roll out the plan is not enough

<b>Measurable outcome</b>	:	Develop disaster management Framework to guide stakeholders
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Create a structure</li> <li>• Attach responsibilities</li> <li>• Develop a plan</li> </ul>
<b>Project leader</b>	:	Ms Nohashe
<b>Budget 2005/06</b>	:	Operational Budget
<b>Key deliverables</b>	:	Have a framework to guide stakeholders on roles and responsibilities
<b>Due date</b>	:	Annually
<b>Percent complete</b>	:	100% (1st Draft)
<b>Budget spent</b>	:	R 0.00
<b>Stakeholders/ partners</b>	:	All key role players
<b>Challenges &amp; proposed solutions</b>	:	Smooth running of the structure



#### 2.4.4 CONCLUSION

In complying with the Disaster Management Act 57 of 2002 and in line with the Vision, Mission and Values of the District Municipality, the centre has seen a need to address the following:

- The absence of the District Disaster Management Framework and its supporting Policy in guiding the District on functions and operations of the Disaster Risk Management Centre
- The non availability of a comprehensive Scientific Risk Assessment
- Availability of at least a level 1 plan (contingency plan) during 2007/8 financial year
- The intensification of the basic education and awareness programme aimed at empowering the communities.
- Strengthening of existing, and further establishment of partnerships with role players and stakeholders
- Availability of clear cross boundary agreements with neighbouring district municipalities
- Staffing of the Disaster Management Centre
- Workshop for stakeholders on understanding of roles and responsibilities



## INTERNAL AUDIT SERVICES

### 2.5.1 OVERVIEW AND BACKGROUND

The Internal Audit function is a legislative requirement in terms of the Municipal Finance Management Act No. 56 of 2003 and the King II Report on Corporate Governance.

This unit has a staff complement of 3 individuals being the Senior Internal Auditor and 2 internal auditors. The unit during this period has been focusing on compliance audits, financial discipline reviews, ICT reviews, follow up reviews and ad hoc management requested reviews however in future performance and forensic audits will be undertaken.

#### OBJECTIVES

To provide a value added service that would improve operations, governance and accountability in the organisation.

- Internal Audit assists the Council and management in achieving the goals of the municipality by evaluating the process through which:
  - goals and values are established and communicated.
  - the accomplishment of goals is monitored
  - accountability is ensured and corporate values are preserved.

#### THE INTERNAL AUDIT FUNCTION

Assists the Municipality in identifying, evaluating and assessing significant organisational risks and provides assurance as to the effectiveness of related internal controls. Furthermore internal audit evaluates the risk management process of the Council for efficiency and effectiveness. Evaluates if the controls, which management relies on to manage the risks down to acceptable levels, are appropriate and functioning as intended and develop recommendations for enhancement or improvement.

### 2.5.2 ACHIEVEMENTS

- As per the requirements of the MFMA a risk based audit plan for 2005/6 was developed.
- A shared internal audit service will be established to assist the local municipalities, some local municipalities have shown interest in the initiative.

As per the audit plan a number of audits have been performed and recommendations were developed for enhancement or improvement of internal controls.



### 2.5.3 PERFORMANCE REPORT

<b>Measurable outcome</b>	: Undertake risk assessment for 2006
<b>Activities/Project Description</b>	: • Develop a template to be populated • Set targets for interviews with Directorates • Facilitate risks assessments
<b>Project leader</b>	: Ms Peter
<b>Budget 2005/06</b>	: Admin Budget
<b>Key deliverables</b>	: Develop a risk profile report
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Challenges</b>	: Co-operation of Departments.

<b>Measurable outcome</b>	: Develop an Audit plan
<b>Activities/Project Description</b>	: Identify key risk areas and make a plan for audit projects
<b>Project leader</b>	: Ms Peter
<b>Budget 2005/06</b>	: Admin Budget
<b>Key deliverables</b>	: Develop a risk based internal audit plan
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Challenges</b>	: Co-operation of Departments

<b>Measurable outcome</b>	: Shared service to support local municipalities
<b>Activities/Project Description</b>	: • Provide assistance to local municipalities through a shared service • Appointment of staff to support shared services
<b>Project leader</b>	: Ms Peter
<b>Budget 2005/06</b>	: R 1 000 000
<b>Key deliverables</b>	: Support LM's on the risks assessment development of audit plans and implementation of audit assignments
<b>Percent complete</b>	: 0%
<b>Budget spent</b>	: Operational Budget
<b>Stakeholders/ partners</b>	: Consultants
<b>Challenges</b>	: • Approval of Audit Comm. Buy-in from local Municipalities & staff support

### 2.5.4 CHALLENGES

- Buy in of the shared internal audit service by the local municipalities and funding thereof.
- Establishment of the risk management committee.
- Need for staff retention programme.

## 2.6.1 OVERVIEW AND BACKGROUND

Government commenced with public sector procurement reform in 1995 and several interim and other measures were introduced as part of the reform process. Reform focus on the promotion of good governance and introduction of a preference system to address certain socio-economic objectives. These are embedded in section 112 of the Municipal Finance Management Act (56 of 2003) and Preferential Procurement Policy Framework Act (05 of 2000).

At the outset of the procurement reform process in 1995, it was recognized that a consistent legislative framework would be required to give effect to Government's procurement reform policy objectives. It was recognised that procurement reforms would have to be limited to those measures that could be implemented within the ambit of existing legislation.





### 2.6.2 STRATEGIC OBJECTIVES

- Provide for smooth functioning of operational activities by way of a sufficient and uninterrupted flow of goods and services to CHDM.
- Purchase goods and services of the required quality to get maximum value for money.
- Continually find and develop reliable alternative sources of supply.
- Ensure lasting good relations with reliable suppliers.
- Keep losses and the investment in inventory at a minimum, while taking into account safety and economic considerations.
- Achieve healthy co-operation and co-ordination with different departments within CHDM.
- Develop policy procedures and systems which will ensure that administrative costs of supply are kept to a minimum.

### 2.6.3 DESCRIPTION OF ACTIVITY

The function of Supply Chain Management Unit is administered by the Municipal Manager's Office. The following are the functions that the Supply Chain is responsible for:

- Demand Management:      Based on the IDP priorities  
   Linked to the Budget  
   Database Administration  
   Market Research for priorities  
   Need Analysis for priorities  
   Preparation of Specification and Bidding Documents
- Acquisition Management:   Procurement cycle  
   Bidding Process
- Logistics Management:      Ordering  
   Receiving  
   Stores  
   Asset management  
   Fleet management
- Disposal Management:      Asset disposal and disposal strategy

#### 2.6.4 KEY ISSUES FOR 2005/2006

- Compilation of internal procedures and processes.
- Format to be used by consultants during evaluation for consistency.
- Workshop on Supply Chain Management Policy for internal understanding.
- Implementation of Supply Chain Management Policy.
- Creation of data-base for Professional Service Providers and other Service Providers
- Appointment of Supply Chain Management Officer
- Opening of Tender Advice Centre for educating Service Providers.
- Review of Supply Chain Management Policy.

#### 2.6.5 PERFORMANCE MANAGEMENT PROJECTS AND PROGRESS

A monitoring process takes place, undertaking a retrospective analysis to determine whether the desired objectives are achieved.

- Bid structures are established – appointment of bid committees
- Supply Chain Management activities are centralised
- Database of Potential Service Providers had been created
- Internal processes were compiled – purchasing cycle and bidding cycle
- Supply Chain Management Policy had been aligned with new regulations.

##### PROJECTS AWARDED

Projects awarded in construction:	R 179 307 631.00
Percentage awarded to HDI's	47.6%
Premium paid to promote empowerment goals	R 9 847 729.00

#### 2.6.6 PERFORMANCE REPORT

<b>Measurable outcome</b>	: Compile and produce manual to assess and evaluate service providers
<b>Activities/Project Description</b>	: • Consult legislation • Compile the manual • Implement after approval
<b>Project leader</b>	: Mr Cezu
<b>Budget 2005/06</b>	: Operational Budget
<b>Key deliverables</b>	: Procedure manual to guide the assessment and evaluation of service providers



<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: Operational Budget
<b>Stakeholders/ partners</b>	: N/A
<b>Challenges</b>	: Updated or changing regulations.

<b>Measurable outcome</b>	: Develop and Compile database
<b>Activities/Project Description</b>	: • Invite prospective service providers • Develop criteria for placing in the database
<b>Project leader</b>	: Mr Cezu
<b>Budget 2005/06</b>	: Operational Budget
<b>Key deliverables</b>	: Have a credible database for selection of service providers
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: Operational/Admin Budget
<b>Stakeholders/ partners</b>	: Consultants
<b>Challenges</b>	: New service providers to be placed in the database

<b>Measurable outcome</b>	: Develop an SCM Policy
<b>Activities/Project Description</b>	: • Consult legislation(MFMA) • Appoint service provider for technical support
<b>Project leader</b>	: Mr Cezu
<b>Budget 2005/06</b>	: Admin Budget
<b>Key deliverables</b>	: Have an SCM policy to guide the Bid Committee and all supply chain processes
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: Admin Budget
<b>Stakeholders/ partners</b>	: Consultants
<b>Challenges</b>	: Updates/changes in legislation demands diligence.

## 2.6.7 CHALLENGES

- Targets on development of SMME's were not properly defined in SCM policy which would ensure evaluation of performance of the SCM Unit.
- A need for a planned relationship with SEDA on the role of the Tender Advice Centre as it will be placed and staffed in their offices.
- Appointment of Professional Service Providers will be applied in accordance to new regulation during the 2006/07 financial year.

## Health & Community Services

Ms N. Mgidima



### 2.7

## HEALTH AND COMMUNITY SERVICES

### 2.7.1 OVERVIEW

Health and Community Services strategies are contained in the IDP and also outlined in the report where after the services are analysed in as far as the budget and the personnel. Also included in the report are the projects or highlights on key issues achieved by this department to improve the lives and the environment of the CHDM inhabitants. Last but not least is the conclusion that suggests what should happen in the department.

Health and Community Service continues progressively to render:

- Primary Health Services (PHC)
- Municipal Health Services (MHS) inclusive of Environmental Management and
- HIV&AIDS Coordination to its inhabitants within the limited resources at its disposal.

### 2.7.2 PRIMARY HEALTH CARE SERVICES (PHC)

#### DESCRIPTION OF THE PHC SERVICES

PHC is a function of the Eastern Cape Department of Health rendered on an agency basis through a signed Service Level Agreement (SLA) by the CHDM.

There are thirteen (13) mobile clinics services and twelve (12) fixed clinics which forms part of the PHC services description. Primary Health Care Services are services rendered by the Chris Hani DM on an agency basis for the Eastern Cape Dept of Health through a signed Service Level Agreement between the two parties.

The following strategies aim at the following:

- Improve community access to mobile and clinic services.
- Promote safe and healthy sexual behaviour.
- Continue with the present clinic base immunisation programme by health professionals.
- Improve the management and control of STI's.
- Improve existing awareness campaigns and develop additional campaigns.
- Co-ordinate an NGO/Health sector alliance to deal with the terminally ill patients.
- Provide treatment, care and support in health facilities and communities.
- Increase the amount of available services and medicines in clinics.
- Mobilise funding and ensure effective implementation of HIV&AIDS programmes.

The Primary Health Care is servicing 45-70 patients on average per day. Its package includes the following activities in all its service areas:

#### MATERNAL AND CHILD HEALTH PROGRAMS WHICH ARE AS FOLLOWS:

- Anti and post natal care
- Family planning
- Growth monitoring and immunisation
- Nutrition programs

#### COMMUNICABLE DISEASES:

- TB programs
- Measles
- Cholera
- Typhoid
- School Health
- Mental Health
- Health Promotion



#### CHRONIC DISEASES:

- Diabetic
- Hypertension

#### MINOR AILMENTS AND INJURIES

#### SEXUAL TRANSMITTED INFECTIONS (STI'S) AND HIV & AIDS PROGRAM

- Voluntary Counseling and Testing(VCT)
- Prevention Mother to Child Transmission (PMCT)
- Antiretrovirals.

#### PHC IS PUT INTO EFFECT BY CHDM IN THE FOLLOWING MANNER:

Municipality	No. of Clinics	Personnel
Lukhanji LM (Queenstown Area)	<ul style="list-style-type: none"><li>• Two mobile clinics.</li><li>• One fixed clinic</li></ul>	Queenstown Administration is made up of an Assistant Director for PHC, 3 Supervisors, an Admin Assistant, a Driver and a General Assistant. 2 Professional Nurses 2 Enrolled Nursing Assistant 1 General Assistant
Inkwanca LM	<ul style="list-style-type: none"><li>• Two mobile clinics.</li><li>• Four fixed clinics.</li></ul>	9 Professional Nurses 4 Enrolled Nursing Assistant 4 General Assistants
Inxuba Yethemba LM	<ul style="list-style-type: none"><li>• Five mobile clinics</li></ul>	5 Professional Nurses 5 Enrolled Nursing Assistants 1 Enrolled Nurse 1 General Assistant
Tsolwana LM	<ul style="list-style-type: none"><li>• Four fixed clinics</li><li>• Two mobile clinics</li></ul>	8 Professional Nurses 6 Enrolled Nursing Assistants 2 General Assistants
Emalahleni LM	<ul style="list-style-type: none"><li>• Three fixed</li><li>• One mobile clinic</li></ul>	3 Snr Professional Nurses 3 Professional Nurses 3 Enrolled Nursing Assistants 3 General Assistants 1 Caretaker
Sakhisizwe LM	<ul style="list-style-type: none"><li>• One mobile clinic</li></ul>	2 Enrolled Nursing Assistants

#### HIGHLIGHTS FOR PRIMARY HEALTH CARE SERVICES

- Purchase of two mobile clinics for the rural communities of Indwe (Emalahleni LM) and Elliot (Sakhisizwe LM).
- Introduction of TB Taxi Sputum Project for the Emalahleni Local Service Area (LSA). The aim is to reduce the turn around time of TB sputum from 7 days to 2-3days. Out of this initiative 11 clinics benefited from the project.
- Clinics and the nurses home upgrading – the Elliot Mobile Clinic offices are in a process of being renovated as the building was given over to CHDM by Ukhahlamba in a dilapidating state.
- Four clinics were fenced to bring about security to the facilities and these clinics are: Elliot Mobile Clinic offices, Lahlangubo, Nompumelelo and Tylden.

- Clinic equipment has been purchased for all the clinics mentioned above to site few examples of equipment are: heaters, examination beds, hot water sterilizers, baby scales, chairs for the waiting room, and chairs for the professional nurses, etc.
- CHDM is the co-ordinating body for the circumcision programme. All the Designated Medical Officers were given protective clothing when they are busy conducting bush tracking during the circumcision period.
- Workshops have been conducted in schools, in some LM's before the commencement of each season to bring about awareness on the issues of the Circumcision Act, and also on the dangers of illegal circumcision practices.

#### OTHER SERVICES:

Maintenance of the clinic buildings, purchasing of new mobile clinics, equipments, medical waste disposal in collaboration with the Environmental Health Practitioners forms part of this section. It is critical to mention that, for the sustainability of these services CHDM plays a critical role in addressing things that the DoH is not accommodating in their financial allocations to the district.

Also coupled to the rendering of these services Functional Integration plays an important part towards provision of better services to the communities of CHDM. This department is proud to mention that functional integration is better performed in this District.

#### CHALLENGES FOR PHC

The challenge that is constantly facing this section is inadequate funding from the ECDoH which is creating a problem for the CHDM to have a qualified statement from the Auditor General's office. Another challenge is the question of provincialisation of these services as it brings about uncertainties to the employees and fears as to what will happen in terms of their benefits and otherwise. The appointment of personnel to render these services poses another challenge as it is difficult to recruit people to join this part of the country, as CHDM is one of the rural nodes.



### 2.7.3 MUNICIPAL HEALTH SERVICES/ ENVIRONMENTAL MANAGEMENT

#### DESCRIPTION OF THE MUNICIPAL HEALTH SERVICES

Municipal Health Service is a service that has since been defined by the New Health Act No. 61 of 2003 as a function of the District Municipality except for Malaria Control, Port Health and Control of Hazardous Substances, which remain the functions of the Provincial Department of Health. This function was supposed to have been devolved to the district municipalities by 1st July 2004, but due to number of challenges between the District Municipalities and the Province this could not materialise. It is appropriate to mention that CHDM will transfer all the personnel employed by the local municipalities by the 1st July 2006 to be employees of CHDM. The Provincial staff will be seconded to the District Municipality and then transferred by 1st July 2007.

Municipal Health Services are rendered by the District to all the eight (8) local municipalities within its jurisdiction. In local municipalities where the services have been rendered by local municipality, CHDM does render services to the rural or farming communities. This is augmented by having collective Municipal Health Services District meetings whereby Environmental Health Practitioners from the Provincial office, Local Municipalities and the District Municipality discuss MHS collectively. Through this forum, reports are discussed and get submitted to the Assistant Manager for MHS at the DM level.

#### STRATEGIC OBJECTIVES

- Ensure safe quality of water both biologically and chemically.
- Ensure acceptable microbiology and chemical standards of all food for human consumption.
- Ensure that all buildings comply with health requirements.
- Ensure efficient and efficacious environmental health administration and management practices.
- To improve the health status and the environment of the CHDM communities through the identification, evaluation and control of the factors that affects the physical, social and mental well being of the CHDM communities.

The following functions are performed by the MHS and are viz:

- Water Quality monitoring
- Food Control/Security (meat safety)
- Environmental Control (Environmental Management).
- Control of Communicable Diseases (Epidemiology)
- Waste Management (co-ordination)
- Chemical Safety and Noise Control
- Disposal of the dead (funeral undertakers, exhumations, etc.)
- Vector and Pest Control
- Complaints Investigation with regard to all the activities mentioned above.
- Health Education (awareness campaign)



### HIGHLIGHTS FOR MUNICIPAL HEALTH SERVICE

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- The development of Integrated Waste Management Plan as a legislative mandate was achieved for the CHDM and all its eight (8) LM's. This will assist in proper planning and also what actions need to be taken in reducing waste levels to the landfills.
- CHDM continues to give support to its LM's to deal or minimise the impact of waste to its inhabitants. Budget has been set aside to be distributed to all LM's and be utilized towards waste management with regard to litter picking, cleaning of illegal dumping, cleaning of storm water drains. This initiative is also aimed at reducing the level of poverty within the CHDM.
- The number of people benefited from this project amounts to 1 554.
- CHDM is privileged to have Municipal Health Services Information Systems finalised and ready to be implemented in the financial year 2006/07. The system will ensure proper service rendering within the inhabitants of CHDM and for proper planning and decision making.
- CHDM is faced with a problem of invasive plants that have infested the entire district in different species. Lapesi is one of these plants that poses a heavy burden to the CHDM. A budget has been set aside for the eradication of Lapesi. Ward 21 from Lukhanji was identified as the priority area for this project. 810 hectares were demarcated as the area to be cleared. This amounted to 810 people benefiting from the project. This project has improved the grazing land for the animals and it has an impact on the agrarian economy of this region.
- Water Quality monitoring is one of the programmes that are constantly done by this Department. The aim is to know the quality of water within CHDM, so as to implement intervention strategies when necessary. Total number of samples taken was 260 where 40 did not comply and intervention was done in terms of educating the community on what measures to be taken.
- CHDM is faced with the problem of invasive plants / Noxious weeds

### ANALYSIS OF MHS FUNCTIONS

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The constitution of Municipal Health Services personnel is as follows:

- |                              |                                      |
|------------------------------|--------------------------------------|
| ■ Assistant Director         | ■ 2 x Environmental Control Officers |
| ■ 19 x EHP's                 | ■ 1 x Sanitation Co-ordinator        |
| ■ Admin Assistant and Driver |                                      |

### CHALLENGES FOR MHS

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- There are lots of initiatives that are being advocated under this section. The latter needs to engage on resource mobilisation to dispense its function.

The finalization of MHS devolution by the provincial government needs urgent attention before the 1st of Jul 2007.

## 2.7.4 HIV & AIDS COORDINATION

### DESCRIPTION OF THE FUNCTION OF HIV&AIDS

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The demographics of CHDM indicate a need of HIV&AIDS co-ordination within its area of jurisdiction. The statistics reveals that 53.7% are woman and 54.4% of the population is under the age of 20. A co-ordinated approach in dealing with this situation brings about a need for joint effort in the fight against HIV & AIDS and other opportunistic diseases. The following was then undertaken:

- HIV&AIDS Co-ordinator was appointed in March 2005
- Coordination of District AIDS Council functioning.
- Local AIDS Councils also got assistance.

Local AIDS Councils were launched of which their term of office is two years.

### HIGHLIGHTS

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- Mobilised funding from the PEPFA whereby two NGO'S from Inkwanca LM and the other one from Ngcobo LM benefited.
- Organised a workshop on HIV&AIDS mainstreaming with all the LM's represented.
- The workshop was done by Eastern Cape AIDS Council (ECAC).
- Workplace programmes were undertaken and a policy was reviewed
- An HIV&AIDS committee was established with representatives from all the Directorates.
- A wellness day for the CHDM was conducted observing a month of April as a wellness month.
- Observed Candle Light Memorial where all the CHDM employees and Councillors participated.
- Voluntary Counselling and Testing was also conducted on this day whereby 18 people tested.
- All other days that are known in dealing with HIV&AIDS awareness were observed by CHDM viz: World AIDS Day, Sexual Transmitted Infections(STI's) and Condom Week with the one already mentioned above.

### ANALYSIS OF THIS FUNCTION

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There is one personnel who is an HIV&AIDS coordinator responsible for the activities mentioned above and more. A progress has been made as one post has been approved by the council of appointing a second co-ordinator in the next financial year. The Eastern Cape AIDS Council (ECAC) has also assisted the CHDM by allocating funding for the appointment of HIV&AIDS Administrative Assistant.

### CHALLENGES IN HIV & AIDS COORDINATION

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- A need to beef up the staff requirements.
- A follow up training in HIV&AIDS mainstreaming.
- Resource mobilisation to finance the function.



## 2.7.5 PERFORMANCE REPORT

<b>Measurable outcome</b>	: Primary Health Care
<b>Activities/Project Description</b>	: Effective Provision of Primary Health Services on behalf of the Department of Health
<b>Project leader</b>	: Ms Mgijima, Ms Baliso
<b>Budget 2005/06</b>	: R 5 600 000
<b>Key deliverables</b>	: <ul style="list-style-type: none"> <li>• Medicine Dispensing</li> <li>• Collection of Stats</li> <li>• Opportunistic Diseases</li> </ul>
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: R 5 600 000
<b>Stakeholders/ partners</b>	: Eastern Cape Department of Health
<b>Challenges &amp; proposed solutions</b>	: <ul style="list-style-type: none"> <li>• Not enough funding.</li> <li>• Provincialisation of the function.</li> </ul>
<b>Measurable outcome</b>	: Municipal Health Services
<b>Activities/Project Description</b>	: Effective Provision of Municipal Health Services
<b>Project leader</b>	: Ms Mgijima, Mr Nel
<b>Budget 2005/06</b>	: R 2 500 000
<b>Key deliverables</b>	: <ul style="list-style-type: none"> <li>• Alien Vegetation Eradication</li> <li>• Waste Management</li> <li>• Environmental Management</li> <li>• Inspections of public and private places</li> </ul>
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: R 2 500 000
<b>Stakeholders/ partners</b>	: Eastern Cape Department of Health
<b>Challenges &amp; proposed solutions</b>	: A plan developed to mitigate devolution of the service challenges to the CHDM.
<b>Measurable outcome</b>	: HIV & AIDS
<b>Activities/Project Description</b>	: <ul style="list-style-type: none"> <li>• Policy Development</li> <li>• Establishment of DHC</li> <li>• Development of an Action plan on HIV &amp; AIDS</li> </ul>
<b>Project leader</b>	: Ms Mgijima, Ms Kolo
<b>Budget 2005/06</b>	: R 0.00
<b>Key deliverables</b>	: <ul style="list-style-type: none"> <li>• Policy has been Developed</li> <li>• DHC has been established</li> <li>• A plan on HIV &amp; AIDS developed</li> </ul>
<b>Due date</b>	: June 2006

<b>Percent complete</b>	:	100%
<b>Budget spent</b>	:	R 0.00
<b>Stakeholders/ partners</b>	:	<ul style="list-style-type: none"> <li>• Provincial Aids Council (EC)</li> <li>• NGO's, CBO's,</li> <li>• FBO's</li> </ul>
<b>Challenges</b>	:	<ul style="list-style-type: none"> <li>• Funding</li> <li>• Stakeholder participation</li> <li>• Stats of affected and infected</li> </ul>

<b>Measurable outcome</b>	:	Financial Management
<b>Activities/Project Description</b>	:	Ensure that the budget is spent, economically and effectively
<b>Project leader</b>	:	Ms Mgijima
<b>Budget 2005/06</b>	:	Equitable Share R 4 000 000
<b>Key deliverables</b>	:	Projects Implementation
<b>Due date</b>	:	July 2006
<b>Percent complete</b>	:	100%
<b>Budget spent</b>	:	R 4 000 000
<b>Stakeholders/ partners</b>	:	N/A
<b>Challenges</b>	:	Develop strategies to mobilise resources.

<b>Measurable outcome</b>	:	Staff Management
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Manage staff to perform their duties</li> <li>• Training and development</li> <li>• Relationship building</li> </ul>
<b>Project leader</b>	:	Ms Mgijima
<b>Budget 2005/06</b>	:	R 0.00
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>• Diligent Staff</li> <li>• Competent Staff</li> <li>• Good Social capital formation.</li> </ul>
<b>Due date</b>	:	Ongoing
<b>Percent complete</b>	:	Ongoing
<b>Budget spent</b>	:	R 0.00
<b>Stakeholders/ partners</b>	:	Service Providers
<b>Challenges</b>	:	Develop staff retention strategies on essential services.




#### 2.7.6 CONCLUSION

Health and Community Services is service delivery department which is trying and wishing to render services in an effective and equitable manner to all the inhabitants of CHDM. Proper funding of PHC services by the province needs to take place. Provincialisation of PHC services needs to be looked at with the critical eye by both officials as well as the politicians to see to it, that it will address the needs of the communities out there.

Devolution process must be finalised as it is long overdue for this function to be part of the District Municipalities and the Metro's and it's a legislative mandate. This will enable the CHMD to render the MHS equitable and effectively to add value to the inhabitants of the CHDM.

Understanding HIV&AIDS mainstreaming is critical by all the Directorates as well as sector departments as this is a developmental issue. This will assist in terms of planning and co-ordination of activities also and pulling together all the resources so as to use best the available resources for the betterment of the Chris Hani DM communities.





## Corporate Services

Mr. L Sondo

### 2.8

## CORPORATE SERVICES

### 2.8.1 INTRODUCTION

In the financial year 2005/2006 the Directorate made strides to improve its admin support services to the Council, promoted good human resource management and complied with Constitution Act 108 of 1996 and the Municipal Systems Act 32 of 2000.

Much as the Directorate has registered a number of achievements there are still however challenges that it has to grapple with. Through the report the Directorate will also depict how it has managed to promote good governance and implemented some aspects of corporate governance. The activities of the Directorate should be viewed as an attempt to achieve the following objectives.

### 2.8.2 OBJECTIVES OF THE DIRECTORATE

- Effective and efficient administrative support.
- Alignment of the organisational structure with the IDP.
- Skills develop and training
- Promote sound labour relations and Health and Safety.
- Maintain and protect all CHDM assets.



### 2.8.3 ADMINISTRATIVE SUPPORT SERVICES

Under the heading the following issues will be covered: Secretarial support, protection and maintenance of the District Municipality's assets, Municipal Organogram, governance and Record Management.

#### **SECRETARIAL SUPPORT**

Noteworthy in the secretarial support to the District Municipality was the development of annual calendar for the activities of the District Municipality and its implementation to the latter.

With regard to the distribution of Council Agenda a standard was set and achieved. The standard is that the Council agenda should be distributed 5 days before the Council meeting and that is happening but there is still a room for further improvement.

#### **PROTECTION AND MAINTENANCE OF THE DISTRICT MUNICIPALITY'S ASSETS**

The Constitution of the Republic of South Africa, 1996 Act 108 of 1996 Chapter 10 (b) provides that ; efficient economic and effective use of the resource must be promoted. The approach to the topic will be to briefly touch upon the steps taken by the Directorate to manage, protect the Council fleet and attempts made to ensure that the Council properties outside the Head Office were identified and taken care of.

##### **Protection and Management of Council Vehicles**

- Shelters for all Council vehicles have been built to ensure that they are protected under adverse weather conditions.
- Tracking Systems have been installed in 90% of all Council vehicles in an attempt of curbing the misuse of vehicles and identify and deal with those drivers who are transgressing the rules of the road.
- Monthly reports about accidents are submitted to the management to monitor if necessary processes were followed after an accident has taken place
- The vehicle policy, which still needs to be finalised, should be done in time for the 2006/7 report.
- Furthermore the practical assessment of new drivers by the Traffic Officer before they used the Council vehicles is being explored.

##### **Identification of Council Assets**

- There has been no record of Council buildings within the District Municipality area.
- The Directorate together with Budget and Treasury has started a process of visiting all the buildings of the Council outside the Head Office. A list of buildings was developed and a preliminary report about their condition to be submitted to Council. A professional need to be engaged to assess their condition and cost the exercise of renovating them.
- Another service provider needs to be engaged to follow up the issue of title deeds and the registration of buildings under the name of CHDM. Then a detailed report would be submitted to Council advising on their future.



## PROMOTION OF GOOD GOVERNANCE

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In seeking to pursue the latter the Directorate has embarked on a number of projects.

### IZIMBIZO


- Imbizo is a style of governance that promotes interaction between government and the people. During the Imbizo people speak directly to government leaders from all spheres raising their concerns about service delivery, bottlenecks, and praising and advising the leaders where necessary
- The District Municipality implemented at least two National Imbizo programmes led by the Ministers from the Cabinet and Members of Executive Council.
- Furthermore the District Municipality held its own Imbizo's during the budget and IDP consultation processes.
- The Community Participation Officer should strengthen the monitoring of stakeholders in the implementation of issues raised at Imbizo. In October 2006 the District Municipality will host a Presidential Imbizo.

### BATHO PELE PRINCIPLES

- The eight principles of Batho Pele (People first) are used by the government as a tool to improve the delivery of services to the communities.
- These principles impressed upon the public servants to consult the citizens, to set up service delivery standards, to make the services accessible to the communities, to be transparent in their activities, to redress issues immediately if standards set out has not been met and to ensure that there is value for money in their activities.
- The Directorate has introduced staff in general to Batho Pele Principles and the district values.
- The three principles of courtesy, consultation and redress have been identified as the three main areas to kick-start the process.

### RECORD MANAGEMENT

Record management is an important element of corporate governance. Key in the record management is the approval of a District File Plan by the Provincial Archivist. Through the File Plan the documents would be systematically centralised and the District Municipality would fully comply with the National Archives Act. In line with that the Directorate has done the following:

- The file plan of the District Municipality has been approved by the Provincial Archivist.
  - A plan is to be outrolled that would make the District Municipality fully compliant with the National Archives Act.
  - A draft archive policy and registry manual developed and forwarded to the province for input.
- 



## HUMAN RESOURCES

The constitution of South Africa outlines the basic values and principles governing Public Administration with specific reference to Human Resources. According to the Constitution of the Republic of South Africa Act 108 1996, Chapter 10 (195) (i) prescribes that public administration must be governed by the democratic values and principles enshrined in the constitution including the following:

Good Human Resource Management and career development practices, to maximise human potential, must be cultivated.

Though there is still room for improvement, the Chris Hani District Municipality, in the past financial year has taken concrete steps to implement the constitutional prescripts and compliance with a number of legislations in keeping the good human resources management.

## ORGANOGRAM

In order to deliver on its mandate, the District Municipality needs to ensure that it has the necessary personnel to carry out its functions. The devolution of the Municipal Health Services, Water Service Authority, shared functions of Fire Fighting and Disaster Management and the creation of a Municipal Support Unit, the organogram of the municipality had to be revisited.

- The process of aligning the organogram with both the budget and IDP was carried out.
- The following new posts were created
  - Strategic Manager – Section 57
  - Manager Municipal Support – PL2
  - Labour Relations Officer – PL6
  - Housing Manager – PL3
  - 2x Superintendents (WSA) – PL5
- Labour has been consulted on the process.

The revised organogram will be adopted by Council in the 2006/2007 financial year.

## BREAKDOWN OF EMPLOYEES

	Total	African (M/F)	Coloured (M/F)	White (M/F)	Indian (M/F)
Top Management	6 (1 vacant)	4 (M)   1 (F)	–	1 (M)	–
Senior Management	20	9 (M)   5 (F)	–	5 (M)   1 (F)	–
Middle Management	22	7 (M)   10 (F)	2 (M)	3 (M)	–
Other	269	130 (M)   96 (F)	7 (M)   4 (F)	17 (M)   15 (F)	–
<b>Total</b>	<b>317 (1 vacant)</b>	<b>1 Disabled (F)</b>			

The local public administration broadly is in line with the constitution, though issues of equity and disability need to get more attention.

According to the Constitution of South Africa 1996, Act 108 of 1996 sec 195(1) (i), Public Administration must be broadly representative of the South African people with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past to achieve broad representation.

#### JOB EVALUATION/DESCRIPTIONS

- The Local Government: Systems Act 32 of 2000 (72) (i) provides for the establishment of job evaluation that will translate to every employee having a job description.
- 99% of the job descriptions were submitted to the Job Evaluation Committee.
- Few new posts job descriptions are to be finalised early in 2006/2007 financial year.
- The District Municipality awaits feedback from the Job Evaluation Committee.

#### TRAINING AND DEVELOPMENT

- As part of the good human resource management practices both staff and Councillors had to be trained and developed.
- In implementing the training plan, the following training took place:

Training	Number	Remarks
Minute taking and report writing	30	Includes Local Municipalities
CDW Training	34	Conducted by Unisa
ABET	6	Conducted by Dept. of Education and Training
Contract Management	24	Focused on the management
Disaster Management	31	Training included Councillors
Secretaries	14	
Customer Care	20	Focused on Frontline Staff
Drafting of Workplace Skills Plan	9	Included Local Municipality SDF's
District SDF Training	1	Part of the orientation and induction course.
Occupational Health & Safety Training	32	Included Local Municipalities
Supply Chain Management Training	20	Training focused on managers and procurement unit staff.
<b>Total</b>	<b>221</b>	



#### STAFF DEVELOPMENT – WITHIN THE DISTRICT MUNICIPAL AREA

- The District Municipality has been involved in the capacity building exercise of managers from within the District Municipal area.
- The focus was on Masters and Honours Degree in Public Management.
- Masters Programme - 4 Managers
- Honours Programme - 6 Managers
- Managers who registered came both from DM and LM's.
- The course is conducted by Fort Hare and the District Municipality working together with the Province.

#### EXPERIENTIAL TRAINING

- The District Municipality is involved in the project of skilling the students who need experiential training.
- In the past financial year we have trained ten students from Walter Sisulu University and University of Fort Hare.
- The process enables the students to balance the theory and practical aspects and prepare them for job opportunities in line with the District Municipality's vision.

#### PROMOTION OF SOUND LABOUR RELATIONS

The Labour Relations Act of 1996 impresses upon the employers to establish a Local Labour Forum as a way of promoting sound labour relations and worker participation.

#### LOCAL LABOUR FORUM

- It is in place and functional
- No disputes have been lodged against the District Municipality in the previous financial year.
- There is better understanding and co-operation between labour and employers.
- Thus out of LLF, positive results are being yielded.
- Even the disagreements in the LLF are properly managed.

#### ESSENTIAL SERVICE AGREEMENT

- The signing of the essential service agreement was a milestone in the employer/employee relations in the District Municipality.
- The essential services agreement has been ratified by SALGBC.
- The implications for this are that the workers who have been categorised as belonging to the essential services would not be involved in any industrial action.

#### POLICY COMMITTEE

- To weld and cement the employer/employee relationship, labour representatives have been included in the Policy Committee of the District Municipality.
- The intention is to promote employee participation and ownership of policies within the institution.

## **SUPPORT TO LOCAL MUNICIPALITIES**

The District Municipality has been rendering municipal support to local municipalities in a fragmented way and is now planning to render this legislative function in a co-ordinated and integrated manner.

### **CURRENT FORM OF SUPPORT**

- The Corporate Services Directorate has rendered support to local municipalities in the development of Workplace Skills Plan and assisting them to comply with the Occupational Health and Safety Act of 1993.
- Through the District Skills Facilitator's Forum the local municipalities have a 100% submission of Workplace Skills Plans in June 2006.
- The local municipalities were audited by the Occupational Health and Safety Officer of the District Municipality and the latter is assisting them in dealing with the audit findings. Especially in ensuring that the structures of safety exist in the workplace and employees are trained in their roles.

### **COORDINATED SUPPORT TO LOCAL MUNICIPALITIES**

In order to properly discharge its legislative function in supporting municipalities, a unit to carry out the function is to be established but would be placed under the Municipal Manager's Office.

## **2.8.4 POLICY FORMULATION AND REVIEW**

### **REVIEWED POLICIES**

- |                           |                                  |
|---------------------------|----------------------------------|
| ■ Delegation              | ■ Rules of order                 |
| ■ Supply Chain Management | ■ Asset Management               |
| ■ HIV & Aids policy       | ■ Recruitment & selection policy |
| ■ Induction policy        |                                  |

### **FORMULATED POLICIES**

- |                                       |  |
|---------------------------------------|--|
| ■ Software                            | ■ Internet, intranet and e-mail policy |
| ■ Investment policy                   | ■ Succession and career path           |
| ■ Promotion, demotion and transfer    | ■ Sexual harassment                    |
| ■ Transport policy                    | ■ Bereavement Policy                   |
| ■ Occupational Health & Safety Policy | ■ Experiential Training Policy         |

### **POLICIES ADOPTED BY COUNCIL**

- |  |   |
|--|---|
| ■ Supply Chain Management                  | ■ Delegation policy                     |
| ■ Software policy                          | ■ Internet, intranet, and e-mail policy |
| ■ Water and Sanitation By-law was gazetted | ■ Investment policy                     |



The policy development was negatively affected by local government elections as the councilors who have a Legislative function were not available for discussion and approval of policy

Furthermore the labour had pulled out of the Local Labour Forum. In trying to address the above an inclusive policy committee was established. The inclusion of labour would short circuit the policy development process.

## 2.8.5 INTERGOVERNMENTAL RELATIONS

The District Municipality has re-established its structures inline with the Intergovernmental Relations Framework Act. It has annual schedule for District IGF meetings.

The Directorate has been attending SALGA meetings and submitting reports to the Council on IGR issues.

### CHALLENGES:

The guiding rules of the District IGR need to be formulated. The District Municipality also need to explore the idea of twinning with a country outside the South African borders to address issues that would be difficult to fund in the District IDP.

## 2.8.6 PERFORMANCE REPORT

<b>Measurable outcome</b>	: Admin Support
<b>Activities/Project Description</b>	: <ul style="list-style-type: none"> <li>• Secretarial Services</li> <li>• Contract Management</li> <li>• Security Services</li> <li>• SHE plan</li> <li>• Buildings Maintenance.</li> <li>• Develop archives register</li> <li>• Record all CHDM information</li> </ul>
<b>Project leader</b>	: Mr. Sondlo
<b>Budget 2005/06</b>	: R 0.00
<b>Key deliverables</b>	: <ul style="list-style-type: none"> <li>• Ensure documentation and minutes of Council compliant.</li> <li>• CHDM manage contracts and filed accordingly</li> <li>• Buildings are all secured</li> <li>• Ensure safety Health Standards are observed</li> <li>• Maintain CHDM Building</li> <li>• Develop proper Records systems</li> <li>• Have archives register</li> </ul>
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 80%   60%

<b>Budget spent</b>	:	R 0.00
<b>Stakeholders/ partners</b>	:	Service Provider to develop a SHE plan.
<b>Challengess</b>	:	An Action plan to implement filing system

<b>Measurable outcome</b>	:	Human Resource Development
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Develop Skills development Framework</li> <li>• Staff recruitment</li> <li>• Develop Job Descriptions and Perform Job Evaluation</li> </ul>
<b>Project leader</b>	:	Mr. Sondlo
<b>Budget 2005/06</b>	:	R 0.00
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>• Skilled staff to improve performance</li> <li>• Ensure the Organogram is populated with skilled staff</li> <li>• Comply with new SALGA requirements.</li> </ul>
<b>Due date</b>	:	Ongoing
<b>Percent complete</b>	:	Ongoing
<b>Budget spent</b>	:	R 0.00
<b>Stakeholders/ partners</b>	:	Service Providers
<b>Challenges</b>	:	<ul style="list-style-type: none"> <li>• Staff Retention is an issue for rural municipalities</li> <li>• The SALGBC is responsible for Job Evaluation and Job Description</li> </ul>

<b>Measurable outcome</b>	:	Policy Formulation and Review
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Co-ordinate Policy review</li> <li>• Develop by-laws</li> </ul>
<b>Project leader</b>	:	Mr. Sondlo
<b>Budget 2005/06</b>	:	Admin Budget
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>• Approved policies to guide Council</li> <li>• Review policy to align with present challenges</li> <li>• Approve by laws and ensure compliance by residents.</li> </ul>
<b>Due date</b>	:	June 2006 (annually and ongoing subject to urgency of the policy or by-law)
<b>Percent complete</b>	:	80%
<b>Budget spent</b>	:	Admin Budget
<b>Stakeholders/ partners</b>	:	Service Providers
<b>Challenges</b>	:	Change of Local Government Environment





<b>Measurable outcome</b>	: IGR
<b>Activities/Project Description</b>	: • Establish IGR structure • Information sharing • Liaise with Provincial IGR structure.
<b>Project leader</b>	: Mr. Sondlo
<b>Budget 2005/06</b>	: R 0.00
<b>Key deliverables</b>	: • Have a structure to co-ordinate IGR • Access information to all municipalities • Ensure that DM/LM work closely with Provincial IGR structures.
<b>Due date</b>	: Ongoing
<b>Percent complete</b>	: 80%
<b>Budget spent</b>	: R 0.00
<b>Stakeholders/ partners</b>	: Office of the Premier (EC) and Department of Housing Local Government and Traditional Affairs.
<b>Challenges</b>	: Ensure all the Provincial Departments support the IGR process.

<b>Measurable outcome</b>	: Staff Management
<b>Project leader</b>	: Mr. Sondlo
<b>Budget 2005/06</b>	: R 0.00
<b>Due date</b>	: Ongoing
<b>Percent complete</b>	: Ongoing
<b>Budget spent</b>	: R 0.00
<b>Stakeholders/ partners</b>	: Service Providers
<b>Challenges</b>	: Staff retention with requisite skills

## 2.8.7 CONCLUSION

The year for the Directorate was a great success. The Directorate has managed to implement elements of corporate governance. It has supported the District Municipality to deepen the democratic rule and accountability through policy development and community participation.

Furthermore it has worked hard to ensure that issues of compliance were taken serious. Be that as it may, more is to be done in order to achieve the objectives of the Developmental Local Government.



## Integrated Planning & Economic Development

Mr. D. Agyemang

### 2.9

## INTEGRATED PLANNING AND ECONOMIC DEVELOPMENT

### 2.9.1 INTRODUCTION

The Directorate of Integrated Planning and Economic Development (IPED) is composed of Local Economic Development (LED) and Integrated Planning, primarily responsible for the development initiatives that are seen likely to turn around the local economy under the jurisdiction of the Chris Hani District Municipality. The pervasiveness of the practice coupled with limited skills, funds and frameworks to institutionalise the concept is seen as one of the challenges that has emerged and adversely affects the performance of local economic development practitioners. A didactical tool that in a way would bring up key issues in local economic development for alignment and internalisation becomes more crucial to understand the complexities in local economic development and trade-offs as well as conflict management initiatives necessary to create an enabling environment for successful implementation of the programme.

The developmental nature of local government in South Africa also meant that municipalities have a responsibility around economic development which needs to address issues like infrastructure development (backlogs), poverty alleviation and Small Medium and Micro Enterprises (SMME) development.

### 2.9.2 OVERVIEW

The Directorate of Integrated Planning and Economic Development (IPED) is responsible for the overall planning, co-ordination, monitoring and alignment of priority issues within the District Municipality. This task is performed within its two main components of Local Economic Development (LED), Integrated Development Planning (IDP) Town and Regional Planning. The Directorate further more provides strategic support to Category B municipalities towards the crafting of their respective Integrated Development Plans (IDP) and implementation of local economic development projects where such local municipalities lack capacities. The



IPED directorate further oversees the overall coordination and alignment of cross cutting issues or programmes and projects- that have broader implications on the District Municipality as stipulated in terms of powers and functions and cooperative governance.

### **2.9.3 OBJECTIVE**

- The Directorate seeks to provide strategic support to both the District and Local Municipalities in the preparation of their IDP's.
- Where capacity exists, the Directorate plays an advisory role on spatial and statutory planning.
- It further ensures alignment of national, provincial and local policies and integration of programmes to achieve integration thereof.
- The Directorate further seeks to ensure sustainable socio-economic development within the District which could lead to sustainable job creation.


### **2.9.4 KEY ISSUES FOR 2005/2006**

- Support local municipalities to enable them perform their constitutional mandate
- Town Planning
- Business plans development to access funds
- Strategic partnership
- Initiation of socio-economic data studies to ensure municipal IDPs reflect realistic figures for effective planning
- Support to local municipalities towards local economic development initiatives
- Skills development

### **2.9.5 STRATEGIC SUPPORT TO MUNICIPALITIES**

In terms of the Municipal Structures Act 117 of 1998 Chapter 5, Section 83(a) the District Municipality has a responsibility to support local municipalities, through integrated development planning. This critical role is performed through the Planning section of the Directorate whereby Planning Implementation Management Support Systems (PIMSS).

The Directorate has effectively co-ordinated a district wide IDP process culminating eventual submission of all IDP's to the Premier as requested in the month of February 2006. The IDP process was utilised to strengthen relationship with sector departments which in a way contributed towards improved Inter-Governmental Relations (IGR). Some sector departments were able to provide their budget allocations or Medium Term Expenditure Framework (MTEF) which assisted greatly for alignment and integration purposes.



It is hoped that the mobilisation processes initiated during the IDP process would ensure further co-operation and reinforce strategic partnership which would facilitate working together across government.

The Town Planning section successfully established a District Spatial Development Management Forum in March which highlighted on the necessity for information sharing across the province. The Forum was to be used as a platform for reporting progress made on funded projects, those needing extra funding and how limited resource within the district could be mobilised and shared.

The Directorate through its strategic partnership with Department of Water Affairs and Forestry held a workshop where a systematic conservation planning and capacity building projects were discussed. The aim was to identify areas of importance to biodiversity conservation. This is of relevance to the DM since already there is an initiative at Cala Abattoir where biodiversity is being promoted. This is also quite important since it would be helpful for rural planning and development and as a guide towards sustainable land use decision making.

The Directorate continues to assist local municipalities in the development of Business Plans for both LED projects and to access funds from provincial department.

The Town Planning section provides on-going support to local municipalities regarding spatial planning, in particular assisting municipalities with Terms of Reference for the development of Spatial Development Framework (SDF), which is a major component of IDP's. The framework provides indicative directions to possible areas for housing development among others.

The District Municipality has not been fully and effectively participated in housing delivery. Its approach has been more reactionary where by information requested by the province is co-ordinated and submitted. The DM has resolved to play a pivotal role in housing delivery especially as they appear in the sector plans of local municipalities. A request proposal has been submitted to the MEC for Housing Local Government and Traditional Affairs for funding to establish a fully well- resourced unit to drive the housing agenda.

#### **GEOGRAPHICAL INFORMATION SYSTEM (GIS)**

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Geographical Information System (GIS) which provides relevant information for planning purposes is located within IPED executing cross –departmental functions. The main focus of the unit is to support the Operation and Maintenance (O&M), capturing of data in relation to water and sanitation and also mapping out catchments areas and places prone to disaster.

The unit has well been established with support mainly from Department of Water Affairs and Forestry (DWAF) having provided seconded personnel who works in close co-operation and partnership with the incumbent. Almost all the targets set out for performance measure have been achieved.

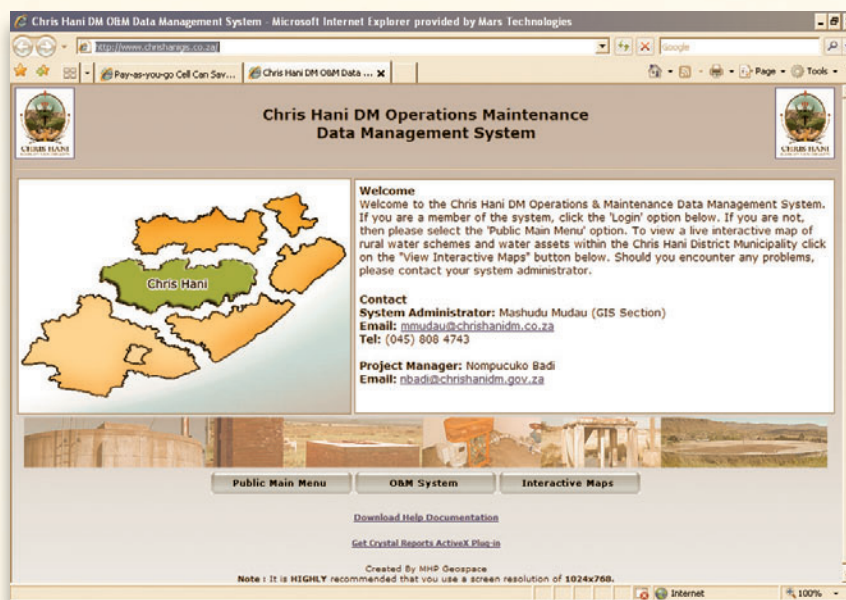


There have been a number of presentations to management to demonstrate how GIS could aid effective planning. As a result Directorates have started interaction with the unit and there has been increasing request from various DMs in the province to showcase the Chris Hani GIS to their respective staff members. It has been ascertained that the GIS unit is one that has fully been developed and operationalised in the Province.

The highlights of the performance of the unit are demonstrated as follows..

#### ESTABLISHMENT OF WATER MANAGEMENT SYSTEM

Considerable work has been put on finalising the GIS based Water Management System, which is now up, and running within the intranet and can be accessed on <http://192.168.5.34>. An insert of the system is shown below.



The system is going to be useful in monitoring the Operation and Maintenance (O&M) activities in the DM and to generate Key Performance Indicator reports of the water services like water quality, costs, quality, incidents, CBO Performance, continuity, major maintenance and refurbishments.

The long term goal for the system is for the incorporation of all the information systems within the DM and thus link things like the Financial, Environmental Systems to link with the GIS based spatial system.

The system will assist with the implementation of Section 78 decision making such as

- monitoring the future Water Service Providers (WSP) in O&M activities;
- assisting the Section 78 process by bringing forth the available data which has been captured during the establishment of the Water Information Management System (WIMS);

- it will enable the water services section by planning its activities associated with water services provision;
- it will help the DM to track and gather information regarding the status of the backlog in water services;
- it will also create an interface with the other planned infrastructure projects, environmental assessment and disaster management activities.

The system can also act as an interface to communicate to the DM spatial development framework in terms of potential development, land use and so forth. The system also helps to identify possible health hazard areas especially areas which are not served with water and sanitation. Furthermore potential disaster areas can be identified using the same system and preventative awareness can thus be highlighted.

#### WATER SCHEME CAPTURE

The scheme data capture was finally completed and is currently being cleaned and verified. An example of the scheme data partings to Engcobo Local Municipality is shown below. This exercise involved digitising all the water schemes in the DM as determined by the O & M service providers who provided hardcopy maps of the scheme boundaries and the data was then digitally captured in-house. Recently a new and extremely comprehensive village dataset for the DM has been captured through digitising from the orthophoto. This dataset is more accurate and will be more useful to the various departments in the DM and LMs.

#### WATER INFRASTRUCTURE ASSET REGISTER

In terms of the Municipal Finance Management Act 56 of 2003 Section 63(1&2) is required every municipality to have an asset register. The District Municipality has partly fulfilled that requirement and needs to ensure it meets the standard of generally recognised practice. All the rural and urban assets have been captured and the data is ready for use. The data has been gathered through the help of the O&M service provider while internal training has been conducted in the office on the data structure and how the data is linked. The objective of this exercise is to map all water infrastructures in the DM so as to assist water service department during the transfer of assets from the DWAF.

#### WATER SERVICES DEVELOPMENTAL PLAN (WSDP)

#### AND INTEGRATED DEVELOPMENTAL PLAN (IDP) MAPPING

The mapping for the WSDP was done in-house this year and all the data for the required maps were verified before completion. The verification helped to provide vital information on statistics such as water provision and sanitation backlogs. This proved that the GIS unit can help cut costs for the district municipality as service providers were traditionally used for the production of these maps.

#### SANITATION WEEK PRESENTATION

As the deadline for the eradication of the bucket system in the country has been set for 2007 there was a need to map all the areas still using the bucket system in the District Municipality. After this mapping exercise was done it became a central component of the Municipal Manager's presentation at the launch of the Sanitation Week which was held in Tsolwana Local Municipality (Tarkastad) and presented to the Minister of Water



Affairs and Forestry. This mapping will assist the DM in planning for the eradication of the bucket system in all communities.

#### **PARTNERSHIPS – SEDA, EU**

Chris Hani District Municipality is one of the four pilot nodes involved in the Vulindlela SMME programme. On 12th July 2004, a partners meeting was held attended by Development Bank of South Africa (DBSA), Standard Bank, Nelson Mandela Metropole University concept developers and drivers, Department of Economic Affairs Environment and Tourism (DEAET) and the municipal offices within the District Municipality.

A Memorandum of Understanding between the DM and SEDA was signed during the launch of Provincial SEDA in Bisho on 10th of March 2006. The activities of Vulindlela were incorporated to Chris Hani SEDA.

#### **EUROPEAN UNION (EU) LED SUPPORT PROGRAM**

The support from the EU Programme comes in varied forms including Local Government Support Fund (LGSF). Another major component is the Local Competitiveness Fund (LCF) which was launched in April, 2006.

The EU Programme is intended when fully functional to:


- Align itself with the Provincial Strategic Plans especially those of the hosting departments;
- The Programme be aligned with the Provincial Priorities and the Provincial Growth and Development Plan (PGDP)
- Knowledge is managed and stored for sharing and dissemination of experienced gained;
- Areas of co-operation are identified , gaps filled and duplication avoided;
- The program is integrated into the performance plans, operations and budgets of all implementing organisations and at all government spheres in alignment with the national LED framework.

The Directorate has already put together a possible project proposal for funding under the European programme but is awaiting guidelines to fine tune other areas to fit into criteria set out by the European Union.

#### **TOURISM SECTOR PLANNING**

Local tourism sector planning exercise has been initiated at the local level, in partnership with Development Bank of Southern Africa (DBSA). At the beginning of 2006 a consolidated plan (as reflected in the below template) was developed emanating from all the local sectoral plans.

<b>Programme</b>	<b>Responsibility</b>	<b>Total Budget</b>	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>
Tourism Strategy	IPED	R 450 000	R 250 000	R 200 000	–
Tourism Support Programme	IPED	R 3 000 000	R 500 000	R 1 000 000	R 1 500 000
Tourism Business Development	IPED	R 3 500 000	R 500 000	R 1 000 000	R 2 000 000
<b>Total MTF</b>		<b>R 6 950 000</b>	<b>R 1 250 000</b>	<b>R 1 200 000</b>	<b>R 3 500 000</b>



## **CO-OPERATIVES DEVELOPMENT**

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The DM and SEDA managed to assist 6 projects to register as co-operatives. Most of these co-operatives are in the agriculture sector with one in the sewing business. The assistance provided is coupled with capacity improvements in the groups and the understanding on the workings of the co-operatives.

## **2.9.6 LOCAL ECONOMIC DEVELOPMENT**

### **DORDRECHT CHEESE FACTORY**

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#### **BACKGROUND**

An amount of R 2,6m was allocated by the district in 2004/05 financial year for the construction of a cheese factory in Dordrecht. The Department of Economic Affairs, Environment and Tourism (DEAET) contributed an amount of R1.2m, ECDC contributed R 1 m and their own contribution of R300.000. Construction is finished and production equipment delivered. The factory is fully operational.

#### **EMPOWERMENT AND SPILLOVERS**

The project has already created empowerment opportunities for emerging farmers in a number of ways. For example, the Koffiefontein farm near Dordrecht, valued at R1.2 million, has been donated to the Community Property Association (CPA) farmers by Department of Land Affairs along with 20 cows. A new milking parlour, a chicken house and irrigation scheme for vegetable garden have also been erected on the farm and electricity supply connected. Presently the Koffiefontein farm supply 3% of the cheese factory's milk requirements. It is clear that the CPA farmers need training and assistance in milk production and other farm activities like vegetable and chicken production.

The cheese factory has established linkages, almost like an informal twinning agreement, with the town of Dordrecht in the Netherlands. This international link could provide the project with additional credibility and exposure to markets which would create positive spin-offs for the project. The project has the opportunity to create significant spin-offs within the surrounding because other dairy farmers in the area, which may not form a part of the beneficiary group, will also have a secured market for their milk.

In addition a factory shop has been opened. The factory shop provides the public with the opportunity to buy cheese and other products on site. Since its inception, beneficiaries reported that the community had shown great support for the project and so do the families of beneficiaries.

### **MIDDLEBURG UMSOBOMVU WOOL AND MOHAIR PROJECT**

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Due to non-feasibility of the old project site, the DM supported the decision by the project to look for alternative accommodation. A house in town was bought to be used as the factory and the project has already moved in. Layout designs have been completed and renovations will start soon.



The project managed to secure a contract with the local schools to provide school uniforms. The DM and its partners are in the process to further investigate value adding exercise to their products and to look for additional markets.

### **MICRO BAKERIES**

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#### **GREATER GLEN GRAY BAKERY**

The Greater Glen Gray bakery which for a long time was struggling with increasingly huge transportation costs was relieved when a new delivery vehicle was bought for them by the DM on 30 March 2006. This vehicle will make it easier for them to deliver on time and to save on costs and to get additional schools to supply.

Presently the bakery is delivering bread to 10 schools and there is a possibility for them to get more schools when operating at full capacity. Also the DM is assisting them to get additional market rather than relying on the government school feeding programme.

#### **NCORA BAKERY**

The Ncora Micro Bakeries project originally started in 1997 as an initiative of the government at Cofimvaba in Intsika Yethu Local Municipality. Government hired consultants to identify and notify community members about numerous potential projects which would receive assistance from the government and three community members chose from this selection a bakery initiative. They subsequently started notifying fellow community members about the prospects of being involved in such a project.

The beneficiaries originally worked from the kitchen of the Ncora Irrigation Scheme. In 1999 when the Irrigation Scheme closed down due to renovations and infrastructural revamping, beneficiaries continued the business at one of the beneficiaries' homes. The Irrigation Scheme then re-opened in 2000 and the project moved back to the irrigation scheme. The bakery currently operates as a separate entity within the Ncora Irrigation Scheme with a core business of production of bread.

This is one project which is sustainable and viable. To realise their expansion plan, the DM assisted the project with registering as the co-operative. Presently the project is providing bread only to schools but there is a possibility of also providing hot meals once their plan is in place. The project also is in the look out for new markets rather than rely on the government contracts.

### **CALA ABATTOIR**

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Construction of the building structure has been completed and it is fully equipped. Management and Operations challenge need to be sorted out although private partner to run the project is being looked for. The biogas technology method is piloted to solve soft and solid waste in the project. It is anticipated that when private partner is secured in collaboration with the Local Municipality, that abattoir would become self sustaining.

## BRICK MAKING PROJECT

The CHDM has about twenty five (25) brick making projects. These projects are spread across all eight LM's and according to the Petroleum Resource Development Act 28 of 2002 these are illegal operations. Communities are using these projects as means to alleviate poverty and creation of self employment. Some projects are able to secure tenders from various municipalities for the RDP houses and others could not because of poor quality of their bricks. The issue of poor quality has been addressed whereby Eastern Cape Manufacturing Advisory Center (ECMAC) is involved in training the brick-makers. The major challenge to date is the mining permits. The DM has provided funds to secure mining permit for the Khayelitsha Brick Makers in Mlungisi Township.

In terms of the Petroleum Resources Development ACT of 2002, brickmakers have to apply for a mining permit. to undertake such operation. Numerous meetings were held with the representatives of the Department of Minerals and Energy Affairs to try to resolve the problem encountered in the licensing process but to no solution.

The stringent requirements for obtaining this permit make it impossible for the poor communities to comply with them.

## CHALLENGES

- The CHDM need to assist the brickmakers in terms of getting the mining permit in order for them to comply with Department of Mineral and Energy (DME).
- Rehab costs which is one of the requirements- presently the brickmakers are not in a position to provide for such costs which estimate to minimum of R50, 000.00.

## AGRICULTURE

### REVITALISATION OF THE IRRIGATION SCHEMES.

Irrigation schemes implemented in the DM area aims at improving productivity in the agricultural sector. It is again intended to empower the previously disadvantaged people to actively participate in the economic development of their areas. All these projects were initiated and funded through the Integrated Sustainable Rural Development Programme (ISRDP). During the period under consideration massive food production program has been a central theme where crops have been planted to improve the livelihood of beneficiaries.

Various meetings were held, bordering around social facilitation, to set up institutional mechanisms to drive agricultural projects.





## WOOD CLUSTER PROJECT

Wood cluster strategy, feasibility study and proposal to DWAF have been developed. Business plan formulation for the furniture factory and sawmills also developed. A steering committee comprising of Local and the District Municipality has been established. FEITA contributed R450, 000 towards skills development for the saw-millers and youth training on sawmill and furniture manufacturing. The District Municipality has put aside R1million and Department of Housing, Local Government and Traditional Affairs (DHLTA) has contributed R 871 000 for infrastructure development. Ikhala FET College together with Asante Management and Development services provides training in the project.

## INTERVENTIONS

Institutional arrangements in these schemes especially the big schemes are creating problems and resulting in these schemes not contributing to economic improvements of communities. In the light of the above, the Department of Agriculture has introduced new institutional framework under which the schemes should operate.

### 2.9.7 PERFORMANCE REPORT

<b>Measurable outcome</b>	: To develop an District IDP within 2005/06
<b>Activities/Project Description</b>	: • Identify needs from the LMs & communities • Align DM IDP to LM IDP's and Provincial and National Plans and programmes
<b>Project leader</b>	: Mr D. Agyemang
<b>Budget 2005/06</b>	: Operational Budget
<b>Key deliverables</b>	: Have a credible District IDP that is aligned to LM IDP's and Provincial and National Programmes and plans
<b>Due date</b>	: July 2006
<b>Percent complete</b>	: 100 %
<b>Budget spent</b>	: Operational Budget
<b>Stakeholders/ partners</b>	: • Local municipalities • Sector departments • CHDM community members
<b>Challenges</b>	: • Alignment and integration of planning processes • Effective public participation



<b>Measurable outcome</b>	:	Ensure that LM's and the DM understand their legal functions & powers
<b>Activities/Project Description</b>	:	Conduct a workshop with Province on the division of powers and functions
<b>Project leader</b>	:	Mr D. Agyemang
<b>Budget 2005/06</b>	:	Operational Budget
<b>Key deliverables</b>	:	Powers and Function workshop
<b>Due date</b>	:	July 2006
<b>Percent complete</b>	:	100 %
<b>Budget spent</b>	:	Operational Budget
<b>Stakeholders/ partners</b>	:	Local Municipalities
<b>Challenges</b>	:	Division of functions and powers between LM's and DM on shared responsibilities

<b>Measurable outcome</b>	:	Develop a individual and organisational PMS
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Identify KPA &amp; KPI from the IDP</li> <li>• Develop the departmental scorecard</li> <li>• Develop performance contracts with affected employees</li> </ul>
<b>Project leader</b>	:	Mr D. Agyemang
<b>Budget 2005/06</b>	:	R 202,050
<b>Key deliverables</b>	:	Have a PMS that is approved by Council
<b>Due date</b>	:	July 2006
<b>Percent complete</b>	:	100 %
<b>Budget spent</b>	:	R 202,050
<b>Stakeholders/ partners</b>	:	Consultants Municipal Staff Municipal stakeholders
<b>Challenges</b>	:	Implementation of the PMS to apply to middle and lower management

<b>Measurable outcome</b>	:	Ensuring that CHDM can assist LMs on town-planning and land-use management issues.
<b>Activities/Project Description</b>	:	Capacitate LMs to fulfil their town-planning and land-use management function
<b>Project leader</b>	:	Mr D. Agyemang
<b>Budget 2005/06</b>	:	Operational budget
<b>Key deliverables</b>	:	LMs complying with town-planning and land-use legislation.
<b>Due date</b>	:	Annually
<b>Percent complete</b>	:	100% in LMs that have designated officials for town-planning and land-use management
<b>Budget spent</b>	:	Operational budget
<b>Stakeholders/ partners</b>	:	All LMs



<b>Challenges</b>	: • Limited planning units in LM's • Limited zoning schemes • Limited SDF implementation • Limited funding for land use management projects
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<b>Measurable outcome</b>	: A need for the exit strategies on all the ISDRP projects
<b>Activities/Project Description</b>	: Have a work/project plan that defines the exit strategy.
<b>Project leader</b>	: Mr D. Agyemang
<b>Budget 2005/06</b>	: Operational budget
<b>Key deliverables</b>	: All the ISDRP and/or projects to have developed exit strategies for purposes of sustainability
<b>Due date</b>	: Annually
<b>Percent complete</b>	: Ongoing
<b>Budget spent</b>	: Operational budget
<b>Stakeholders/ partners</b>	: Stakeholders
<b>Challenges</b>	: Limited finance and will (within projects) for capacitating beneficiaries to become economic viable industries

<b>Measurable outcome</b>	: Effective Financial Management
<b>Activities/Project Description</b>	: IPED Managers to be trained in municipal finance regulations
<b>Project leader</b>	: Mr D. Agyemang
<b>Budget 2005/06</b>	: Operational budget
<b>Key deliverables</b>	: Transparent financial management of all projects & operational budgets
<b>Due date</b>	: Annually
<b>Percent complete</b>	: 100 %
<b>Budget spent</b>	: Operational budget
<b>Stakeholders/ partners</b>	: • IPED Managers • Finance Directorate
<b>Challenges</b>	: Lack of access to electronic financial system prevents up to date management of finances

<b>Measurable outcome</b>	: Effective Staff Management
<b>Activities/Project Description</b>	: • Development of IPED organogram • Weekly sectional meetings • Sectional head meetings • Monthly IPED staff meetings
<b>Project leader</b>	: Mr D. Agyemang
<b>Budget 2005/06</b>	: Operational budget
<b>Key deliverables</b>	: • Good work environment • Increased co-operation between unit staff • Approved IPED organogram • Annual schedule of meetings

<b>Due date</b>	:	Annually
<b>Budget spent</b>	:	Operational budget
<b>Stakeholders/ partners</b>	:	IPED staff

<b>Measurable outcome</b>	:	Resuscitate irrigation schemes to trigger economic develop in CHDM
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Provide the necessary budget</li> <li>• Fully staff the LED Unit.</li> <li>• Identify the areas of focus and develop an integrated approach in conjunction with sector departments</li> </ul>
<b>Project leader</b>	:	Mr D. Agyemang
<b>Budget 2005/06</b>	:	R 1 550 000
<b>Key deliverables</b>	:	Capacitate beneficiaries to run a economically sustainable irrigation scheme
<b>Due date</b>	:	Annually
<b>Percent complete</b>	:	100 %
<b>Budget spent</b>	:	R 1 550 000
<b>Stakeholders/ partners</b>	:	<ul style="list-style-type: none"> <li>• Department of Agriculture</li> <li>• Communities</li> <li>• Local Municipalities</li> <li>• Private Sector</li> </ul>
<b>Challenges</b>	:	<ul style="list-style-type: none"> <li>• Capacitating beneficiaries to ensure that Irrigation Schemes become commercial units</li> <li>• To attract private investors in the schemes</li> <li>• Infighting amongst beneficiaries</li> <li>• Vandalism</li> </ul>

<b>Measurable outcome</b>	:	Need for better understanding of SMME concept.
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Define SMME priority areas within the context of LED.</li> <li>• Inculcate the culture of Entrepreneurship</li> <li>• Identify and categorise the SMME businesses</li> <li>• Identify the resources and opportunities available</li> </ul>
<b>Project leader</b>	:	Mr D. Agyemang
<b>Budget 2005/06</b>	:	Operational budget
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>• Better understanding of SMME amongst LM LED Units and private sector.</li> <li>• Identified available resources</li> </ul>
<b>Due date</b>	:	Annually
<b>Percent complete</b>	:	100 %
<b>Budget spent</b>	:	Operational budget
<b>Stakeholders/ partners</b>	:	Stakeholders in the SMME business
<b>Challenges</b>	:	Limited finance, skills, capacity and co-operation by SMMEs.



<b>Measurable outcome</b>	: To improve livestock production in the CHDM.
<b>Activities/Project Description</b>	: • Develop stock improvement programme • Establish linkages with commercial farmers.
<b>Project leader</b>	: Mr D. Agyemang
<b>Budget 2005/06</b>	: R 300 000
<b>Key deliverables</b>	: • Emerging farmers to have suitable infrastructure for animal improvement • Improve the stock quality of the emerging farmers
<b>Due date</b>	: Annually
<b>Percent complete</b>	: 100 %
<b>Budget spent</b>	: R300 000
<b>Stakeholders/ partners</b>	: • Local communities • Sector departments • Commercial farmers
<b>Challenges</b>	: • Limited finance and skills • Limited and dilapidated infrastructure, • Limited co-ordination of livestock improvement programmes amongst stakeholders

<b>Measurable outcome</b>	: To improve livestock production in the CHDM.
<b>Activities/Project Description</b>	: • Revise the LED strategy. • Define the Core areas. • Align with other frameworks. • Engage stakeholders.
<b>Project leader</b>	: Mr D. Agyemang
<b>Budget 2005/06</b>	: R 650 000 from DHLG & TA
<b>Key deliverables</b>	: • To have an LED strategy that is aligned to National Framework. • An effective and operational CHDM LED strategy
<b>Due date</b>	: Annually for 5yrs
<b>Percent complete</b>	: 80%
<b>Budget spent</b>	: R 650 000
<b>Stakeholders/ partners</b>	: DLGTHA
<b>Challenges</b>	: Limited capacity and co-operation by stakeholders to develop and implement an LED strategy

<b>Measurable outcome</b>	:	Ensuring that all CHDM Directorates utilize the GIS
<b>Activities/Project Description</b>	:	Run GIS days within the municipality highlighting areas where directorates could benefit from GIS usage
<b>Project leader</b>	:	Mr D. Agyemang
<b>Budget 2005/06</b>	:	Operational budget
<b>Key deliverables</b>	:	Informed Directorates on the benefits of GIS usage
<b>Due date</b>	:	Annually
<b>Percent complete</b>	:	100 %
<b>Budget spent</b>	:	Operational budget
<b>Stakeholders/ partners</b>	:	<ul style="list-style-type: none"> <li>• Municipal Staff</li> <li>• Municipal Councillors</li> </ul>
<b>Challenges</b>	:	<ul style="list-style-type: none"> <li>• Limited funding</li> <li>• Limited server capacity</li> <li>• Limited staff within unit</li> </ul>

<b>Measurable outcome</b>	:	Determine the need to establish a unit to deal with housing
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Define the role of the municipalities within housing delivery</li> <li>• Define the viability of the district housing unit</li> </ul>
<b>Project leader</b>	:	Mr D. Agyemang
<b>Budget 2005/06</b>	:	Operational budget
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>• Undertake research on the role of local government in housing</li> <li>• Develop a proposal on the viability of the district Housing unit</li> </ul>
<b>Due date</b>	:	Ongoing
<b>Percent complete</b>	:	100 %
<b>Budget spent</b>	:	Operational budget
<b>Stakeholders/ partners</b>	:	DLGTHA & LMs
<b>Challenges</b>	:	Provincial and National government have yet to define the exact role of local government in housing

## 2.9.8 CONCLUSION

The report highlighted achievements to date with regards to Local Economic Development initiatives, the challenges in the irrigation scheme and other programmes being implemented within the Directorate with possible interventions.

It is clear that generally almost all the LED projects have common problems -limited funding, project ownership by beneficiaries. Both the LED and agricultural projects are on-going and the Directorate is in the process of crafting both sustainable plans and exit strategies to ensure the projects keep running when the district Municipality exit the scene.



The impact assessment recently concluded has provided some pointers as to how to address the myriad of problems facing the LED programme.

The Directorate recognises that the successful execution of projects depends on buy-in by all stakeholders. To this end, the Directorate will ensure easier access to business information and further create conducive environment for start-up businesses.

This could be done through the promotion of strategic partnerships, opening of business advice centre while emphasis would also be placed on appropriate skills development.

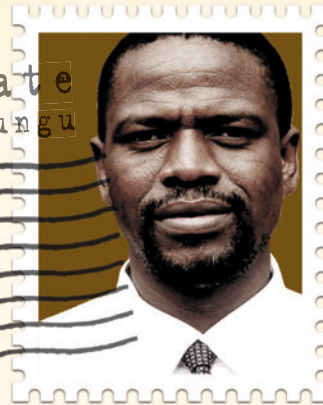
The Directorate has been negotiating and establishing strategic partnerships with major stakeholders. A number of challenges have been identified ranging from project ownership, sustainability concepts, exit strategies and limited capacities within Local Municipalities to implement development projects as well as limited funding.

All these would be contextualised and appropriate responses crafted to mitigate the myriad of problems identified in the coming financial year.



## Engineering Directorate

Mr. M Dunga



### 2.10

## ENGINEERING DIRECTORATE

### 2.10.1 OVERVIEW OF THE ENGINEERING DEPARTMENT

- Fundamental existence of the Engineering Department is to ensure that it contributes towards the Local Economic Development of the region through the implementation of capital programmes and projects like Municipal Infrastructure Grant (MIG).
- Contribute towards alleviation of poverty through the said programmes and projects
- Creation of jobs
- Ensuring provision of free basic services i.e water services to the poor
- Ensure a conducive environment is created for the external investors through provision of bulk infrastructure

The department is composed of three sections where the core functions are based on. These sections are as follows;

- Project Management Unit - which deals with the provision of capital projects
- Water services - which deals with the day to day operations and maintenance to ensure that water services is rendered to the community
- Roads and Transport Planning - which deals with integrated transport planning and maintenance of proclaimed roads that belong to the Department of Roads and Transport

### 2.10.2 OBJECTIVES

- Provide Free Basic Water and Sanitation Service
- Eliminate the backlog on water and sanitation
- Eradicate bucket system
- Operate and maintain water and sanitation schemes



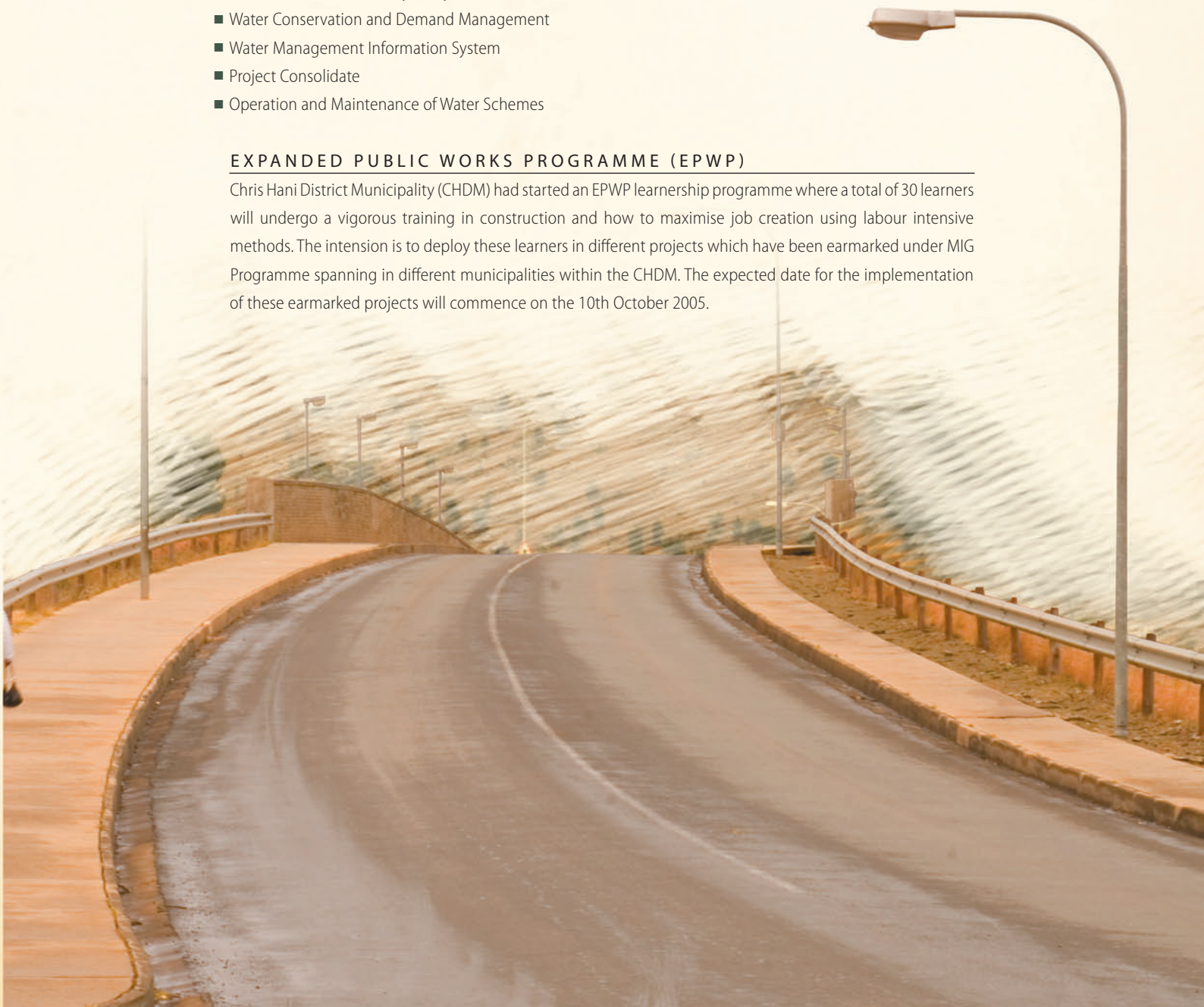
- Develop Transport Plans
- Maximise job creation through the Expanded Public Works Programme (EPWP)
- Provide support to the 8 Local Municipalities residing within the Chris Hani DM Area

### 2.10.3 PROGRAMMES AND PROJECTS UNDERTAKEN

- Expanded Public Works Programme (EPWP)
- Municipal Infrastructure Grant (MIG)
- Drought Relief
- Bucket Eradication
- Department of Water Affairs and Forestry (DWAF) transfer of assets
- Section 78 study to assess the most optimal process to provide water services
- Undertake water feasibility study
- Water Conservation and Demand Management
- Water Management Information System
- Project Consolidate
- Operation and Maintenance of Water Schemes

#### EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

Chris Hani District Municipality (CHDM) had started an EPWP learnership programme where a total of 30 learners will undergo a vigorous training in construction and how to maximise job creation using labour intensive methods. The intension is to deploy these learners in different projects which have been earmarked under MIG Programme spanning in different municipalities within the CHDM. The expected date for the implementation of these earmarked projects will commence on the 10th October 2005.



### MUNICIPAL INFRASTRUCTURE GRANT (MIG)

CHDM has been involved in the Implementation of Capital Projects which are funded by Department of Provincial Local Government (DPLG) through Municipal Infrastructure Grant. CHDM had established the Project Management Unit (PMU) which is in charge of implementing all the Infrastructural Capital Projects. CHDM had managed to appoint a PMU Manager after the resignation of the previous PMU Manager. Reporting to the PMU Manager are three Area Project Managers with their task to manage over 110 projects across the district with a value of R160 million.

Below is a list of projects completed in the 2004/05 financial year, where many of our communities are benefiting as a result. This program had ensured that communities have access to safe drinking water, decent sanitation and benefited through on job training by acquiring skills that can be used in the labour market.

PROJECT NAME	TYPE OF PROJECT	POPULATION SERVED
<b>BUILDING FOR SPORTS AND RECREATION PROGRAM</b>		
Illingelihle Sports Facility(SREC03402)	Provision of sports field for community	30000
Whittlesea Sports Facility(SREC03403)	Provision of sports field for community	17076
Cofimvaba Sports Facility(SREC03406)	Provision of sports field for community	25000
Tsomo Sports Facility(SREC03405)	Provision of sports field for community	21416
Hofmeyer sports Facility(SREC03404)	Provision of sports field for community	9000
<b>MIG PROGRAM</b>		
Mlungisi roads and Stormwater Phase 2	Rehabilitation of 4.013km roads & Stormwater	7000
Cemetery Phase 1(Equitable Share)	Cemetery with roads electricity and water infra.	12720
Shiloh Irrigation scheme office renovations.(ISRDP)	Renovate existing offices for irrigation scheme.	29
Macibini - Water Supply (647)	To provide 12 villages with water to RDP standards.	3220
Sada, Whittlesea - Sewer Reticulation Project (750)	12 km sewer reticulation.	4464
Hewu - Rural Water Supply Scheme (820)	Rehabilitation of 11 resevoirs,13 pumphouses & testing of 8 boreholes.	16400
Regional Solid Waste Disposal Site (872)	New solid waste site	41174
Tarkastad: Rehab of STW and Outfall Sewers (327)	Rehabilitate existing STW,provide outfall sewer,pump	2958
Hofmeyr Sewer (648)	3,1km bulk infrastructure & Oxidation Ponds.	1900
Rodana Water Supply (467)	148kl reservoir, 7km reticulation	4221
Cofimvaba - Ward 15 water reticulation (529)	Refurbishment of treatmentworks Cofimvaba	11332
Lower Qitsi - Water Supply (649)	500kl reservoir, 15 standpipes	2800
Ward 6, 9 & 21 - Water Supply (744)	4 x reservoirs (1600kl), 135 standpipes, 4 BH	13758
Beyele Bridge	Upgrading of gravel road	2880
Manzimdaka Water	Upgrading existing weir,new reservoirs,reticulation and standpipes	2820
Cala - Construction of VIP latrines(531)	Eradicating 200 buckets to VIPS	1200



PROJECT NAME	TYPE OF PROJECT	POPULATION SERVED
Swartwater Bulk Water Supply	Construction of reservoirs, pumpstations, installation of bulk pipelines and provisional standpipes	9156
Percy Access Road (Equitable share)	Construction of a road, side drains and stormwater pipes	2484
Percy Village sanitation (DWAF)	Construction	2484
Cacadu Bulk Water Supply (DWAF)	Upgrading of Lady Frere Bulk Pipeline	
Kudubeni Domestic Water Project	Refurbishment of existing reservoirs, upgrading of reticulation lines and standpipes	6246
Cala Reserve Ward 5 Bulk Water Supply	Construction of treatment plant, reservoirs, bulk pipelines	125
Sibanye irrigation scheme	Construction of a storage dam, installation of sprinklers	45

#### **DROUGHT RELIEF**

An allocation of R8 Million has been received by the District Municipality from the Department of Water Affairs and Forestry. Three Local Municipalities who benefited from the programme are :

Lukhanji – R1 Million

Engcobo – R4 Million

Emalahleni – R3 Million

The budget submitted on the initial request was based on the information gathered by the Water Services Section and villages affected were listed. Some work was undertaken by the O & M Section in some of the villages that were listed on the request in anticipation that should these funds be approved the cost incurred would reimburse the O & M Budget.

The Business Plan for Drought relief programme have been prepared and approved by the Department of Water Affairs and Forestry. The implementation is progressing well and the project is about 38% complete, following is the progress to date of the programme.

#### **LUKHANJI LM**

An alternative borehole was discovered at Ilinge Township and it will be tested. This borehole will be equipped with an electrical driven pump, depending on the outcome of the yield test.

At Kamastone work on reticulation system has been completed with three new 10kl storage reservoirs. The electrical driven pumping unit together with the electrical panel has been installed, the scheme is 100% functional. At Gwatyu Farms, work in this area has not started due to delays in getting the drilling rig to site, it is planned for this work to commence once the remaining boreholes in Engcobo and Ilinge have been completed.

#### EMALAHLENI LM

**Maqashu:** The installation of the first of the two diesel driven pump is complete with only the pump house to be installed on the second one. The bulk line is complete with the reticulation to be completed by end of July 2006.

**Mmangweni Tribal Area Water Scheme:** This scheme is located in the Macubeni area and is supplied from Cacadu Water Treatment Works. There are six villages that are benefiting from this scheme and the progress to all the villages is 100% complete. The main problem with most of these villages was to investigate and equip new source to be additional to the existing one.

#### ENGCOBO LM

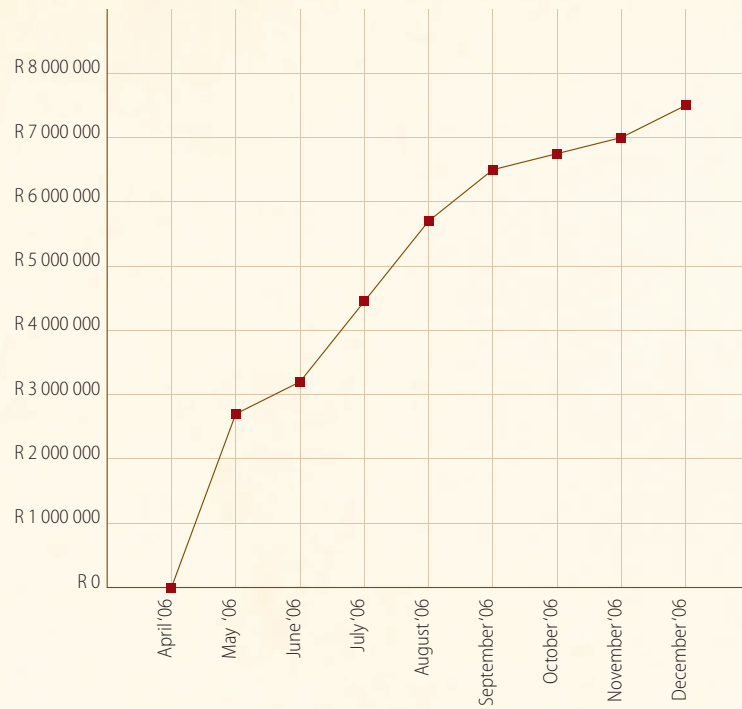
**Manzana Water Scheme:** There are seven villages that are benefiting from this scheme. The progress is at 100% complete and the water is available through out the villages. The work that has been done was to repair Bulk Line, Reticulation system and also to construct spring protection at the source.

**Tshapile Water Scheme:** In this scheme the only outstanding work is to drill another borehole to assist the existing one as it only yields 1000l/hour. A new site has been identified for the drilling of this borehole.

**Engcobo Town Water Scheme:** Work on rehabilitation of the pumps and pumpstation are on schedule. The project is due to be complete by end August 2006. Below is the expenditure to date.

#### BUDGETS AND CASHFLOWS - DROUGHT RELIEF PROGRAMME

	Budget (monthly)	Budget (cumulative)	Actual	Forecast	Cumulative
Apr-06	R 0.00	R 0.00	R 0.00	<b>R 0.00</b>	R 0.00
May-06	R 2 700 000.00	R 2 700 000.00	R 2 612 136.36	<b>R 2 700 000.00</b>	R 2 612 136.36
Jun-06	R 500 000.00	R 3 200 000.00	R 493 976.33	<b>R 500 000.00</b>	R 3 106 112.69
Jul-06	R 1 250 000.00	R 4 450 000.00	R 0.00	<b>R 1 250 000.00</b>	
Aug-06	R 1 250 000.00	R 5 700 000.00	R 0.00	<b>R 1 250 000.00</b>	
Sep-06	R 800 000.00	R 6 500 000.00	R 0.00	<b>R 800 000.00</b>	
Oct-06	R 250 000.00	R 6 750 000.00	R 0.00	<b>R 250 000.00</b>	
Nov-06	R 250 000.00	R 7 000 000.00	R 0.00	<b>R 250 000.00</b>	
Dec-06	R 501 035.94	R 7 501 035.94	R 0.00	<b>R 501 035.94</b>	
				<b>R 7 501 035.94</b>	



## BUCKET ERADICATION

CHDM had managed to secure a conditional grant for the eradication of buckets associated with unhygienic sanitation service. Listed below is a list of the Bucket Eradication Projects that CHDM is currently undertaking.

Project Name	Area Local Municipality	Budgets	Exp.	Funder	No. of Buckets	Comments
Tsomo Sewer	Intsika Yethu	R 2 000 000	R 1 176 049	E/ Share	30	Completion planned October 2005
Cofimvaba Sewer	Intsika Yethu	R 6 000 000	R 5 006 599	E/Share	60	Bulk sewer complete Treatment works planned completion November 2005
Lady Frere Sewer	Emalahleni	R 4 000 000	R 463 734	E/ Share	55	Letter of award was sent to Consultant on 05/09/2005. In a process of being registered under MIG.
Emalahleni Bucket Eradication	Emalahleni	R 4 500 000	–	MIG	–	Consultant is in a process of identifying the scope of work & preparing the design.
Sada Bucket Eradication	Lukhanji	R 3 000 000	–	DHLG	466	The site has been handed over to the Contractor on the 17 October 2005
Tarkastad Bucket	Tsolwana	R 5 016 000	–	DHLG	947	Tender had been awarded to the Contractor, Ste hand over to take place on 31 October 2005.
Lusaka Bucket Erad.	Inxuba Yethemba	R 4 708 780	–	MIG	595	MIG registration submitted – Busy with Tender Document.
Lingelihle Bucket Erad.	Inxuba Yethemba	R 1 561 219	–	MIG	205	Contractors appointed site to be handed over End of October 2005.
Masakhe Bucket Erad.	Inkwanca	R 750 000	–	MIG		MIG registration submitted – busy with Tender Documents.

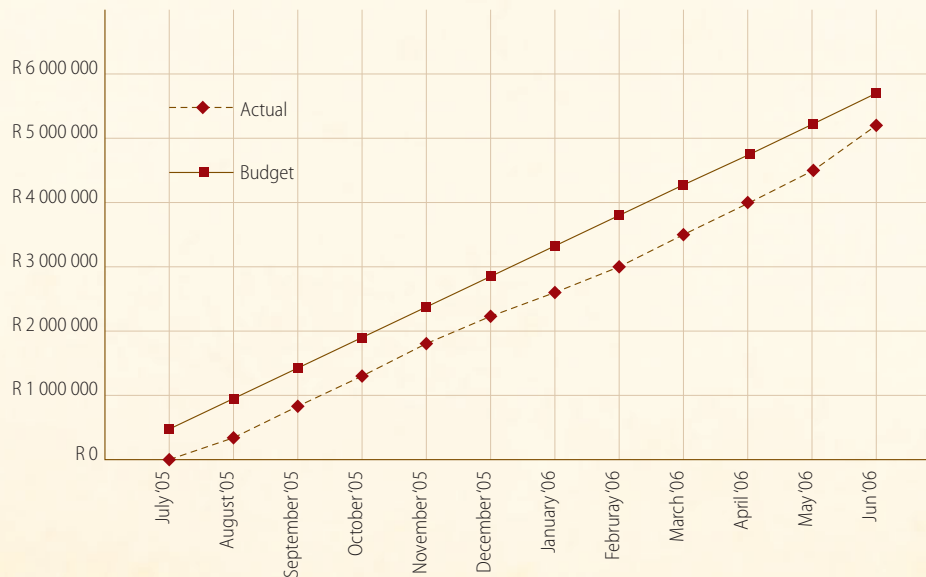
## DWAF TRANSFERS

Department of Water Affairs and Forestry (DWAF) staff had been transferred to CHDM on secondment bases for a one year period ending in September 2006. All operational responsibility is taken over by the Water Services Operation & Maintenance section of the District Municipality (DM). Transfer documents have been signed by both parties (DWAF and CHDM). The challenge is the integration of the DWAF personnel with the CHDM staff as well as curbing the bad behaviour of DWAF staff.



#### DWAF EXPENDITURE VS ACTUAL BUDGET

	Budget (monthly)	Budget (cumulative)	Actual	Budget (cumulative)	% of Budget (cumulative)
Jul '05	R 474 353.00	R 474 353.00	R 0.00	R 0.00	0
Aug '05	R 474 353.00	R 948 706.00	R 339 285.00	R 339 285.00	36
Sep '05	R 474 353.00	R 1 423 059.00	R 488 702.00	R 827 986.00	58
Oct '05	R 474 353.00	R 1 897 412.00	R 471 773.00	R 1 299 759.00	69
Nov '05	R 474 353.00	R 2 371 765.00	R 505 121.00	R 1 804 880.00	76
Dec '05	R 474 353.00	R 2 846 118.00	R 418 239.00	R 2 223 118.00	78
Jan '06	R 474 353.00	R 3 320 470.00	R 404 688.00	R 2 627 806.00	79
Feb '06	R 474 353.00	R 3 794 823.00	R 415 386.00	R 3 043 191.00	80
Mar '06	R 474 353.00	R 4 269 176.00	R 427 301.00	R 3 470 492.00	81
Apr '06	R 474 353.00	R 4 743 529.00	R 528 755.00	R 3 999 247.00	84
May '06	R 474 353.00	R 5 217 882.00	R 543 315.00	R 4 542 561.00	87
Jun '06	R 474 353.00	R 5 692 235.00	R 651 901.00	R 5 194 462.00	91
	<b>Budgets</b>	<b>Transferred</b>	<b>Anticipated</b>		
end-Jun '06	R 5 692 235.00	R 5 692 235.00			
<b>Total</b>		<b>R 5 692 235.00</b>	<b>R 5 692 235.00</b>		



## SECTION 78 (S78)

The Section 78 process has been concluded – 4 Municipalities were offered the Water Service Provider status and those are Inxuba Yethemba, Tsolwana, Inkwanca and Lukhanji. The DM will be the provider in the four remaining municipalities effective date of implementation is 1 October 2006.

Preparations to implement Section 78 study are progressing well. The business plan for Inkwanca Municipality is complete and it has been workshopped to the municipality on the 5th June 2006. The service providers is busy preparing the business plans for other municipalities, and also with the contract between Chris Hani DM and newly established Water Service Providers (4LM's). It was recommended by the Standing Committee that Amatola Water Board can assist the DM to those Local Municipalities that DM will be the service provider but still it will be tabled to the Council.

Following is an Action Plan for preparation of Implementation:

ACTIVITY	ACTIONED BY	DEADLINE
"Walk through Plan" data collection for Inkwanca LM	PSU	17 February 2006
Draft FS/BP preparation for Inkwanca LM	PSU	10 March 2006
Proposed TOR and Budget for completion of remaining 4 FS/BPs	PSU	17 March 2006
Appointment (of Arcus Gibb)	CHDM	22 March 2006
Draft Contract prepared for Inkwanca LM	ARCUS GIBB	31 June 2006
FS/BP preparation for remaining 3 WSP LMs and for CHDM as WSP	ARCUS GIBB	30 August 2006
Contract preparation for remaining 3 WSP LMs	ARCUS GIBB	30 August 2006
Signing and implementation of Contracts (with FS/BP appendix)	CHDM	30 November 2006

Phase 1 of the Section 78 assessment of Water and Sanitation Service Provision mechanisms was completed in March 2004. As required by Section 78 (1) of the Municipal Systems Act, this phase focused solely on the option of fulfilling the water service provision function by District Municipality. The District Municipality had the option to stop the assessment at this point and proceed with an internal mechanism, however it felt that to make an informed decision it was necessary to thoroughly assess all the other options of water service provision.

Phase 2 assessment to explore external mechanism is estimated to be complete by the end of August 2005 and the draft report to be workshopped to the Mayoral Committee. The implementation of the preferred option emanating out of Section 78 final document is expected to commence from the 1st July 2006.



## WATER FEASIBILITY STUDIES

Feasibility studies for three Local Municipalities have been completed; Intsika Yethu, Engcobo and Emalahleni, and currently Lukhanji feasibility study is being developed and is expected to be complete by end November 2006.

## WATER DEMAND MANAGEMENT

The Department of Water Affairs and Forestry had made available an amount of R 456 000.00 to conduct a water conservation and demand management assessment for Lukhanji and Inxuba Yethemba Municipalities. The study is progressing well and the DM technicians are also receiving both training and experience from the service provider in all the processes. Following is the draft report for the study:

### BACKGROUND INFORMATION

The Water Conservation and Demand Management Strategy developed for the Chris Hani District Municipality in 2005 indicated high levels of leakage in Middelburg and Whittlesea local water supply schemes. Key performance indicators for these two areas are summarised in the following table:

MIDDELBURG AND WHITTLESEA KPI'S

KPI	Middelburg LWSS	Whittlesea LWSS
System input volume (m <sup>3</sup> /a) (2003/2004)	1 825 445	256 759
Properties	5 515	7 132
Average consumption (l/prop/month)	28	30
Average consumption (l/capita/day)	203	140
Infrastructure leakage index (ILI)	5.0	9.4

From the table it is clear that there is scope for water loss reduction in these two schemes.

### STUDY OBJECTIVES

The objectives of the study were as follows:

- Where the water is lost?
- How much is being lost?
- What are the contributing factors?
- How can the losses be reduced - interventions?
- How can the interventions be sustained?





## SUMMARY AND CONCLUSION

The key results from the study can be summarised as follows:

- the systems are operated reasonably well through consistent supply;
- metering is generally non existing or unreliable in Whittlesea;
- although metering and billing is undertaken in Middelburg, the accuracy of the consumers meters are questionable due to the age of the meters (especially during low flow conditions);
- a better understanding of level of leakage and water balances for all the zones has been established;
- basic information required to assess level of leakage and identify problem areas have been documented;
- drawings and documentation for infrastructure in the zones considered has been produced which will be extremely valuable for future water loss management and asset management initiatives.

Based on the available information, the following recommendations are made:

- Top consumers : Implement a bulk consumer meter replacement programme in Middelburg and Wittlesea. These bulk meters should read and billed on a monthly basis;
- Implement pressure management in the low-lying areas of Whittlesea and Ekumpumeleni through changes in the network and pressure reducing valves;
- Replace and/or install bulk management meters in Whittlesea and Middelburg to enable management of the system and night flow analysis;
- Increase the cost of water to reflect the scarcity and reliability;
- Start a community awareness campaign to address garden watering and wastage;

The desktop study, field investigations, logging and analysis is complete in both areas. The development of the strategy and reporting will be completed within the next week. The draft strategy presented to management and distributed for comments.

## PROJECT CONSOLIDATE

All issues regarding Project Consolidate are being co-ordinated by the DM. Action plans to assist municipalities affected by Project Consolidate have been developed. The Local Municipalities that are benefiting from project Consolidate are; Intsika Yethu, Sakhisizwe, Emalahleni and Engcobo and Lukhanji.

Key Components of Project Consolidate are:

- A targeted, hands-on support and engagement programme on building the capacity of municipalities to perform their mandate.
- A complementary process of systematic refinement of policy, fiscal and institutional matters that will enable the consolidation of the local government system in the long term.
- This programme expected to run for two years.



## WATER SERVICE PROVISION

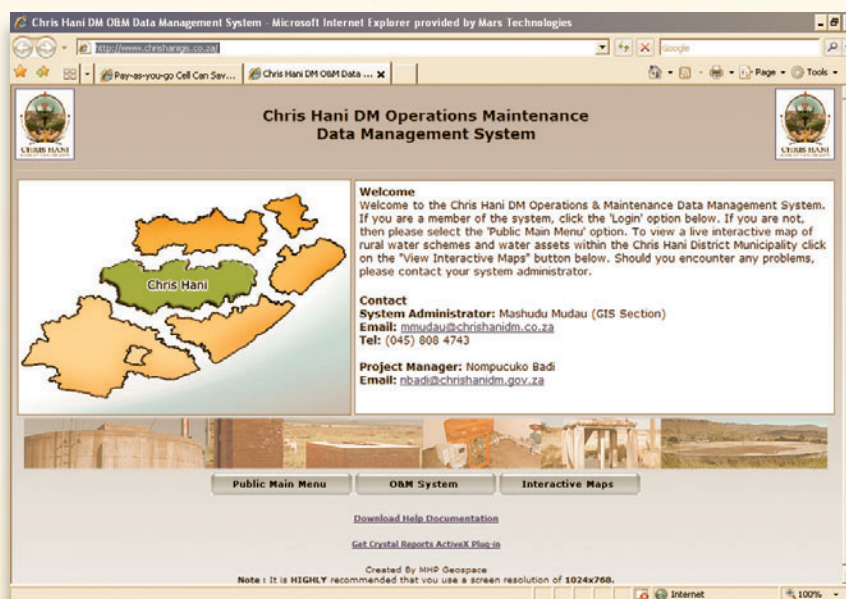
CHDM is responsible for operation and maintenance of water schemes in all the rural areas and has signed an interim agreement with all the eight local municipalities to provide water services in the urban areas until the finalisation of Section 78 process. The contract of four Service Support Agencies (SSA) had been extended until December 2006 by the District Municipality to assist with provision of water in the rural areas of the following Local Municipalities; Engcobo, Intsika Yethu, Emalahleni, Sakhisizwe and Lukhanji. The quality of water services provision had improved, as a result there had been no cholera outbreaks reported this year.

The Water Services Roadshow was done to meet councilors and have a face to face meeting while clarifying the levels of water service in each ward. Using the previously available datasets, service status of each village were printed and given to each ward councillor to make changes where necessary. On meeting the councillors, they verified what is on the ground in relation to what our datasets had indicted. This is an on-going process of updating our databases and getting as accurate information as is possible.

## WATER MANAGEMENT INFORMATION SYSTEM

The system is currently functional and is being maintained by GIS section, PMU section and Water Services Section. Over 600 water schemes are captured in the system with Key Performance Indicators to assist with the monitoring process.

The system has now been launched online for accessing by local municipalities, service providers and the public in general. The WMIS can be accessed on **[www.chrishanigis.co.za](http://www.chrishanigis.co.za)**. The screen shot below shows the interface of the homepage for the system.



#### 2.10.4 ROADS

##### OBJECTIVE

Maintenance and regravelling of proclaimed roads

Upgrading and maintenance of minor roads and (unproclaimed) access road.

##### SUMMARY OF FUNDING FOR ROAD RELATED PROJECTS

The following table reflects the adhoc funds allocated in the 2004-2005 financial year to road related work in the Chris Hani District Municipality area from various funders:

CONTRACTOR	TYPE OF WORK	FUNDED BY	TOTAL
CHDM (Roads Division)	Maintenance	Department of Roads and Public Works	R 6 000 000.00
CHDM (Roads Division)	(Flood Damages) Regravelling	Department of Roads and Public Works	R 2 000 000.00
CHDM (Roads Division)	Ukhahlamba DM Area Regravelling of MR 719 & MR 716	Department of Roads and Public Works	R 3 000 000.00
CHDM (Roads Division)	Maintenance	Department of Roads and Public Works	R 2 000 000.00
<b>GRAND TOTAL</b>			<b>R13 000 000.00</b>

The Provincial Department of Public Works now Department of Roads and Transport is the Roads Authority for all proclaimed roads in the Eastern Cape.

An adhoc operation budget of R13 million for maintenance and regravelling on certain proclaimed roads was allocated to the District Municipality for the financial year 2004/2005.





## 2.10.5 PERFORMANCE REPORT

<b>Measurable outcome</b>	: Undertake feasibility studies in all local municipalities
<b>Activities/Project Description</b>	: <ul style="list-style-type: none"> <li>• Identify municipalities without or who need feasibility studies</li> <li>• Budget provision</li> <li>• Identify staff for project Management</li> <li>• Appoint consultants</li> <li>• Implement the project</li> <li>• Identify areas with backlog and the needy</li> </ul>
<b>Project leader</b>	: Mr. Dungu
<b>Budget 2005/06</b>	: R 1 128 860.49
<b>Key deliverables</b>	: <ul style="list-style-type: none"> <li>• Have the number of municipalities who need feasibility studies</li> <li>• Make the MTEF provision in terms of need</li> <li>• Have a well managed project by internal staff</li> <li>• Project implementation in MTEF terms</li> <li>• Know exactly where the backlog is</li> <li>• Prioritized list</li> </ul>
<b>Due date</b>	: Multi Year
<b>Percent complete</b>	: 99 %
<b>Budget spent</b>	: R 1 128 859.00
<b>Stakeholders/ partners</b>	: <ul style="list-style-type: none"> <li>• Consultants</li> <li>• DWAF</li> </ul>
<b>Challenges</b>	: Not enough funds to do feasibility study for other LMs

<b>Measurable outcome</b>	: Provide basic services to deal with backlog
<b>Activities/Project Description</b>	: <ul style="list-style-type: none"> <li>• Prioritise those</li> <li>• Make budget provision</li> <li>• Implement the project</li> <li>• Develop action plan</li> <li>• Implement the plan</li> </ul>
<b>Project leader</b>	: Mr. Dungu
<b>Budget 2005/06</b>	: R135 000 000
<b>Key deliverables</b>	: <ul style="list-style-type: none"> <li>• Have the number of Municipalities who need feasibility studies</li> <li>• Make the MTEF provision in terms of need</li> <li>• Have a well managed project by internal staff</li> </ul>
<b>Due date</b>	: Multi Year
<b>Percent complete</b>	: 58% Water   49% Sanitation
<b>Budget spent</b>	: R135 000 000
<b>Stakeholders/ partners</b>	: <ul style="list-style-type: none"> <li>• Consultants</li> <li>• DWAF</li> </ul>
<b>Challenges</b>	: Not enough or sufficient budget inconsistent statistics

<b>Measurable outcome</b>	:	Implement WSA Plan consistently within CHDM.
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Report to DWAF</li> <li>• Review WSDP</li> <li>• Identify priority projects</li> </ul>
<b>Project leader</b>	:	Mr. Dungu
<b>Budget 2005/06</b>	:	R 2 300 000
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>• Project implementation in MTEF terms</li> <li>• Know exactly where the backlog is</li> </ul>
<b>Due date</b>	:	Ongoing
<b>Percent complete</b>	:	100%
<b>Budget spent</b>	:	R 2 300 000
<b>Stakeholders/ partners</b>	:	DWAF
<b>Challenges</b>	:	Skills problem with some contractors

<b>Measurable outcome</b>	:	Annual Review of WSDP and identified projects for implementation
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Link those to IDP review process</li> <li>• Budget</li> </ul>
<b>Project leader</b>	:	Mr. Dungu
<b>Budget 2005/06</b>	:	Internal (Review with Consultants' help)
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>• Prioritized list</li> <li>• Budget to undertake backlog</li> <li>• Project done with definite program</li> <li>• Implement the WSA plan to fulfil the legislative pre-requisite</li> <li>• Reviewed WSDP and include the prioritised projects for IDP implementation.</li> </ul>
<b>Due date</b>	:	June 2006
<b>Percent complete</b>	:	100%
<b>Budget spent</b>	:	Internal (Review with Consultants' help)
<b>Stakeholders/ partners</b>	:	<ul style="list-style-type: none"> <li>• Consultants</li> <li>• DWAF</li> </ul>
<b>Challenges</b>	:	<ul style="list-style-type: none"> <li>• Funding to conclude the programme</li> <li>• Co operating with other Directorates</li> <li>• Capacity of Consultants Delay of Prioritization.</li> </ul>

<b>Measurable outcome</b>	:	Sign agreement with Local Municipalities to be WSP.
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Results of Section 78 exercise revealed</li> <li>• Develop interim contracts</li> <li>• Sign contracts</li> </ul>
<b>Project leader</b>	:	Mr. Dungu
<b>Budget 2005/06</b>	:	R 1 100 000 (For Section 78 exercise)
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>• Signed contracts</li> <li>• Un-interrupted service provision</li> </ul>



<b>Due date</b>	: Annually
<b>Percent complete</b>	: 95%
<b>Budget spent</b>	: R 1 100 000
<b>Stakeholders/ partners</b>	: Local Municipalities
<b>Challenges</b>	: • LMs understanding of S 78 exercise • Council decision on WSP • Implication of results

<b>Measurable outcome</b>	: DWAF transfer assets that are working to CHDM.
<b>Activities/Project Description</b>	: • Develop transfer action plan • Second DWAF staff to run the schemes • Take over of the schemes • Refurbish schemes
<b>Project leader</b>	: Mr. Dungu
<b>Budget 2005/06</b>	: R 1 000 000 (R 500 000 [CHDM]   R 500 000 [DWAF])
<b>Key deliverables</b>	: • Action plan for transfer approved by all parties • Have staff to run the schemes • Take over refurbished schemes.
<b>Due date</b>	: June 2006
<b>Percent complete</b>	: 95%
<b>Budget spent</b>	: R 1 000 000
<b>Stakeholders/ partners</b>	: DWAF
<b>Challenges</b>	: • Co operation between DWAF and CHDM. • Conditions of service of transferred staff. • Organogram for WSA.

<b>Measurable outcome</b>	: Annual O & M
<b>Activities/Project Description</b>	: • Refurbish water schemes/plants • Provision of free basic water
<b>Project leader</b>	: Mr. Dungu
<b>Budget 2005/06</b>	: R 42 000 000
<b>Key deliverables</b>	: • Ensure that all schemes are operational • Indigent get the service.
<b>Due date</b>	: Annually
<b>Percent complete</b>	: 90%
<b>Budget spent</b>	: R 42 000 000
<b>Stakeholders/ partners</b>	: NGOs CBOs LMs
<b>Challenges</b>	: • Illegal connections • Commitment of CBOs/NGOs

<b>Measurable outcome</b>	:	Develop a plan for rural communities not in Eskom grid
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>Identify villages for non grid electricity</li> <li>Request Eskom to provide information for planning and their plan for the next 5 years</li> </ul>
<b>Project leader</b>	:	Mr. Dungu
<b>Budget 2005/06</b>	:	R 0.00
<b>Key deliverables</b>	:	A plan that reveals when and how the electricity will be provided in the rural areas of CHDM.
<b>Due date</b>	:	June 2006
<b>Percent complete</b>	:	100%
<b>Budget spent</b>	:	R 0.00
<b>Stakeholders/ partners</b>	:	<ul style="list-style-type: none"> <li>Department of Minerals and Energy</li> <li>Eskom</li> </ul>
<b>Challenges</b>	:	Ensure all the Challenges of coordination by all stakeholders.

<b>Measurable outcome</b>	:	Support the Department of Transport with road maintenance
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>Identify areas prioritized for maintenance</li> <li>Check budget with DoT</li> <li>Implement their Plan</li> </ul>
<b>Project leader</b>	:	Mr. Dungu
<b>Budget 2005/06</b>	:	R 6 000 000
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>Know areas for maintenance to deploy staff accordingly.</li> <li>Ensure that there is money to implement the plan</li> </ul>
<b>Due date</b>	:	June 2006
<b>Percent complete</b>	:	100%
<b>Budget spent</b>	:	R 6 000 000
<b>Stakeholders/ partners</b>	:	Dept. of Transport
<b>Challenges</b>	:	Funding to sustain roads and maintenance of the machinery

<b>Measurable outcome</b>	:	Staff Management
<b>Project leader</b>	:	Mr. Dungu
<b>Budget 2005/06</b>	:	R 0.00
<b>Due date</b>	:	Ongoing
<b>Percent complete</b>	:	Ongoing
<b>Budget spent</b>	:	R 0.00
<b>Stakeholders/ partners</b>	:	Service Providers
<b>Challenges</b>	:	Staff retention with requisite skills



#### 2.10.6 CHALLENGES

The Roads Division was faced with an increasing challenge to find additional adhoc funds to address the backlog and deterioration of the roads network in the Chris Hani District Municipality Area.

The plant, which is currently being used by the District Municipality, is owned by the Department of Roads and Transport and was allocated to the District Municipality for service delivery in terms of agency arrangements.

About 80% of the vehicles, trucks and other plant are no longer safe to be utilised by our staff and the other 20% are in a poor condition. All of the current plant/machines in use are in excess of 20 years old.

A fair financial budget will have to be agreed upon, as no function can be accepted without sufficient skillful staff or the necessary funding. A budget must be made available for the purchase of new machinery and the refurbishing of certain old plant. Should this not take place, the roads section will shortly no longer be able to render a service on roads.

Our roads section needs a fair financial budget of R44 million for maintenance and regravelling as well as an amount of R40 million to replace and repair some of the current machines that have gone long past their economically useful lives.



## Finance: Treasury & Budget

Mr. Vorster



### 2.11

## FINANCE: TREASURY AND BUDGET

### 2.11.1 OVERVIEW AND BACKGROUND

The Budget & Treasury Office had to manage a total budget of the Council's revised Operational Budget of R100 666 300 (excluding Agency Functions) for the financial year under review. In addition to this it also had to manage the Capital Budget amounting to R148 749 000.

The majority of the above mentioned expenditure is directed at delivering basic infrastructural services to the communities where the greatest needs exist.

#### STRATEGIC OBJECTIVES

- Ensure full compliance with all accounting, statutory and legal requirements including the implementation of the MFMA and GAMAP/GRAP standards.
- Implement revenue generating strategies and lobby for additional equitable share from National Revenue to replace the abolished RSC Levies.
- Recover outstanding monies owed by the Provincial Government in respect of Agency Function subsidies and other
- Liabilities.
- Provide support to other internal Directorates and Local Municipalities.



### 2.11.2 DESCRIPTION OF ACTIVITY

The function of financial management within the municipality is administered by the Budget & Treasury Office and services are rendered to Council with a staff compliment of 22 individuals, who are grouped together in the following functional Sections:

- Financial Management and Budget Control
- Financial System Administration
- Financial Administration and Municipal Support
- Financial Accounting Services, further divided as follows:
  - Income
    - Levy Income
    - Project Funding
  - Expenditure
    - Creditors
    - Salaries
    - Project Payments
- The functional services rendered include, but are not limited to, the following:
- Provision of relevant, accurate and reliable financial information to all users including Councillors, managers, levy payers and other stakeholders to facilitate informed decision making.
- Provision, maintenance and implementation of sound financial management policies, controls and systems.
- Ongoing introduction of budgetary and accounting reforms in line with the requirements of MFMA and GAMAP/GRAP.
- Production of annual budget and GRAP compliant financial statements.
- Maintenance of an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds. All efforts are made to pay monies due to suppliers and service providers within 30 days of receiving a valid invoice or statement unless other arrangements have been agreed upon.
- Provision of financial advice to Council and all other Council structures including Mayoral and Portfolio Committees.
- Administration of the investment and insurance portfolios of Council.
- Management of conditional grants.
- Asset Management.
- Revenue collection.
- Capacity building by way of training of Interns, Councillors and Officials.

### 2.11.3 KEY ISSUES FOR 2005/2006

- Established the Budget & Treasury Office in line with the requirement of the MFMA.
- Produced the Operating and Capital budget in the prescribed format and within the specified deadlines.
- Compiled GAMAP/GRAP compliant annual financial statements, a year in advance.
- Rolled out the shared accounting system service to two of the Local Municipalities.

### 2.11.4 ANALYSIS OF FUNCTION

#### GRANTS RECEIVED AND SPENT

An analysis of the grants received is contained in Appendix E of the Financial Statements.

#### REMUNERATION OF COUNCILLORS

An analysis of the remuneration paid to Councillors is contained under note 21 in the Notes to the Financial Statements.

#### EMPLOYEE RELATED COSTS

An analysis of the employee related costs, including the remuneration paid to Section 57 managers, is contained under note 20 in the Notes to the Financial Statements.

#### RSC LEVIES – AGING

Number of registered Levy Payers	7222
RSC Levies Collected-remuneration:	R 14 527 134
RSC Levies Collected-Turnover:	R 11 984 273



## 2.11.5 PERFORMANCE REPORT

<b>Measurable outcome</b>	: Revenue
<b>Activities/Project Description</b>	: Amend Debtor Master File
<b>Project leader</b>	: Mr. Vorster, Mr. Silangwe
<b>Budget 2005/06</b>	: N/A
<b>Key deliverables</b>	: • Master File Approved • Debtor Master File
<b>Due date</b>	: July 2006
<b>Percent complete</b>	: 100%
<b>Budget spent</b>	: In house
<b>Stakeholders/ partners</b>	: N/A
<b>Challenges</b>	: Continuously updates to be abreast with developments

<b>Measurable outcome</b>	: Account & Reporting
<b>Activities/Project Description</b>	: • Submit Financial Statements to the Auditor General. • Report promptly by the 7th of each month. • Reconcile VAT bi-monthly
<b>Project leader</b>	: Mr. Vorster
<b>Budget 2005/06</b>	: N/A
<b>Key deliverables</b>	: • Comply with GRAP • Monthly & quarterly • VAT control
<b>Due date</b>	: July 2006
<b>Percent complete</b>	: 80%
<b>Budget spent</b>	: In house
<b>Stakeholders/ partners</b>	: Service Providers
<b>Challenges</b>	: Updates on the GRAP and other regulations

<b>Measurable outcome</b>	: Assets Management
<b>Activities/Project Description</b>	: • Document Assets Bar- code all assets • Develop asset movement policy
<b>Project leader</b>	: Mr. Vorster
<b>Budget 2005/06</b>	: R 1 341 897
<b>Key deliverables</b>	: • All assets be in file • Bar-coded assets • Asset Movement policy

<b>Due date</b>	:	July 2006
<b>Percent complete</b>	:	80%
<b>Budget spent</b>	:	R 1 080 056
<b>Stakeholders/ partners</b>	:	N/A
<b>Challenges</b>	:	Asset Management Compliance to GRAP

<b>Measurable outcome</b>	:	Expenditure
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Policy and Procedure Development</li> <li>• Development of Investment policy</li> <li>• Mark requisition</li> </ul>
<b>Project leader</b>	:	Mr. Vorster
<b>Budget 2005/06</b>	:	Admin Budget
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>• Approved Procedure Manual</li> <li>• Approved Investment Policy</li> <li>• Ensure requisition are marked</li> </ul>
<b>Due date</b>	:	July 2006
<b>Percent complete</b>	:	80%
<b>Budget spent</b>	:	Admin Budget
<b>Stakeholders/ partners</b>	:	Service Provider
<b>Challenges</b>	:	Compliance with GRAP.

<b>Measurable outcome</b>	:	Budgeting
<b>Activities/Project Description</b>	:	<ul style="list-style-type: none"> <li>• Develop Budget Plan 2006/07</li> <li>• Review budget duly</li> <li>• Multi- year Budget Development</li> <li>• Comply with submission</li> <li>• Develop SDBIP</li> </ul>
<b>Project leader</b>	:	Mr. Vorster, Mr. T Pambaniso
<b>Budget 2005/06</b>	:	N/A
<b>Key deliverables</b>	:	<ul style="list-style-type: none"> <li>• Formalize Budget Plan for 2006/07</li> <li>• Reviewed Budget</li> <li>• Multi Year Budget based on GRAP Compliance</li> <li>• Approved SDBIP</li> </ul>
<b>Due date</b>	:	July 2006
<b>Percent complete</b>	:	80%
<b>Budget spent</b>	:	N/A
<b>Stakeholders/ partners</b>	:	N/A
<b>Challenges &amp; proposed solutions</b>	:	Compliance with GRAP



<b>Measurable outcome</b>	: Financial Management
<b>Activities/Project Description</b>	: Spend the Allocation effectively efficiently and economically
<b>Project leader</b>	: Mr Vorster
<b>Budget 2005/06</b>	: Spend R 3 800 000 of Equitable Share
<b>Key deliverables</b>	: • Venus Implementation • Support devolve to LMs
<b>Due date</b>	: July 2006
<b>Percent complete</b>	: 100% at CHDM 20% Implementation at LM
<b>Budget spent</b>	: R 4 300 000
<b>Stakeholders/ partners</b>	: N/A
<b>Challenges &amp; proposed solutions</b>	: Other local Municipalities to buy Into the system use


<b>Measurable outcome</b>	: Staff Management
<b>Activities/Project Description</b>	: Ensure staff undertake their responsibilities
<b>Project leader</b>	: Mr Vorster
<b>Budget 2005/06</b>	: N/A
<b>Key deliverables</b>	: • Training and Education • Good Relations • Support
<b>Due date</b>	: Ongoing
<b>Percent complete</b>	: Ongoing
<b>Budget spent</b>	: N/A
<b>Stakeholders/ partners</b>	: Service Providers
<b>Challenges &amp; proposed solutions</b>	: Staff retention with requisite skills

## 2.11.6 CHALLENGES

In an attempt to achieve the desired outcomes for each of the abovementioned targets, the following challenges were identified for each:

### REVENUE

- ★ Policies relating to the collection and accounting for revenue needs to be monitored and reviewed on a regular basis in order to keep abreast of all possible changes in current and new legislation that comes into effect to regulate the financial management of local authorities. This also includes the policies that need to be extended to cater for the Water Services Authority (WSA) and/or Water Service Provider (WSP) functions that might have to be performed by the District Municipality after the Section 78 assessment has been completed.

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- ★ Adequate provision for bad debt needs to be calculated and raised. This is problematic as the bulk of debt owed to Council consists of intergovernmental debt. This is mainly owed by the Department of Transport (formerly Public Works) in respect of the Road Work Agency Function and the Department of Health in respect of Primary Health Care Agency Function, as well as outstanding debt related to the provision of the EMRS on an agency basis.
  - ★ The replacement revenue to compensate for the loss in RSC Levies after the abolishment thereof, does not fully incorporate the increased levels of collections achieved during the year to date.

#### **ACCOUNTING AND REPORTING**

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- ★ The maintenance of accurate accounting records and systems to provide reliable monthly management reports will have to be closely monitored. This will also assist in meeting the prescribed deadline of producing GRAP financial statements within 60 days after the end of the financial year.
- ★ New GRAP standards will have to be monitored and incorporated into the accounting system as soon as they are released in order to ensure continued compliance.
- ★ Staffing of the newly established Budget and Treasury Office. Adequately capacitated staff will have to be recruited and appointed in order to effectively run this structure and to provide accurate and usable information to all users concerned.
- ★ The roll-out of the accounting system to the first two Local Municipalities is virtually complete. Some implementation problems have been experienced and, although they were mainly due to capacity problems from the LMs, it taught valuable lessons for future implementations.

#### **ASSET MANAGEMENT**

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- ★ The financial accounting system needs to be linked to the electronic asset register in order to ensure accurate and correct reflection of all assets in the financial statements. Funds have been allocated in the new financial year in order to acquire a fully fledged asset register that can be linked directly to the accounting system. This will remove the manual linkage between the electronic asset register and the accounting system.
- ★ Each Directorate has to indicate an available time slot for the asset movement control sheet to be workshopped and explained to the staff members.

#### **EXPENDITURE**

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- ★ Detailed monthly creditor reconciliations need to be done on all monthly recurrent creditors, as well as other ad-hoc creditors and project payments.

#### **BUDGETING**

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- ★ The alignment of all budget processes on District and Local Municipality level to ensure integrated planning for the District in totality.
- ★ Adhering to the 12-month budget cycle as prescribed in order to effectively plan for the medium term as opposed to the one-year planning of the past.



- \* Sourcing reliable information pertaining to allocations, specifically provincial allocations, to be made to the DM must be improved. To date the information from provincial government only reaches the DM at such a late stage that it is very difficult to timely incorporate it into the budgetary processes.

#### 2.11.7 CONCLUSION

Overall the Budget & Treasury Office performed well in its attempt to achieve the targets that were set for it at the start of the year. Although some of the minor targets were not met, there were valid reasons as to why they were not achieved.

Although the Budget & Treasury Office is still mainly viewed as a "back-office" function that merely processes the payments and receipts of the institution, it is starting to play an ever-increasing role in the strategic direction and development of the Council. In addition to this, the Directorate is beginning to play a pivotal role in capacitating the non-financial managers in order for them to take full responsibility of the financial management of their own Directorates.

The accounting system implemented at the District Municipality is still available to the Local Municipalities in order to establish a shared service. This will enable the joint saving of cost, as well as standardisation of accounting and reporting within the district. The system has already been rolled out to Lukhanji and Inkwanca with only minor finishing touches required to complete their implementation. Both Tsolwana and Intsika Yethu have indicated their willingness to participate in this initiative and will be rolled out to during the 2006/2007 financial year.

A special word of appreciation must be extended to the staff members within the Budget & Treasury Office who contributed more than their fair share in order to ensure the success of the Directorate. These efforts and sacrifices are not going unnoticed.







CHAPTER III  
**FINANCIAL**  
STATEMENTS

## AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### 3.1.1 AUDIT ASSIGNMENT

The financial statements as set out on pages.....to.....for the year ended 30 June 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 126(3) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these annual financial statements based on the audit.

### 3.1.2 SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 1512 of 2006, issued in Government Gazette No. 29326 of 27 October 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement.

An audit includes:

- examining on a test basis, evidence supporting the amounts and disclosures in the financial statements.
- Assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation

I believe that the audit provides a reasonable basis for my opinion.

### 3.1.3 BASIS OF ACCOUNTING

In terms of Government Gazette Number 26511 dated 1 July 2004, the date of implementation of Generally Accepted Municipal Accounting Practice (GAMAP) and Generally Recognised Accounting Practice (GRAP) varies according to the capacity classification of municipalities listed in the Gazette. The District Municipality, as a medium capacity municipality, must implement the new accounting standards with effect from 1 July 2006 in order to prepare new standards compliant annual financial statements for the financial year that ends 30 June 2007.

The District Municipality adopted the early implementation of GAMAP/GRAP for the financial year ended 30 June 2005.

It is required to prepare financial statements on the basis of the accounting framework determined by National Treasury, as described in the addendum to this report.

### 3.1.4 QUALIFICATION

Management has an obligation to put in place controls to help it identify and implement the appropriate accounting frameworks and policies to structure and govern its financial management responsibilities, as required by the MFMA. Management is also required to properly analyse financial risk at account balance level and implement appropriate controls to minimise these risks. During my audit I noticed instances where



management was not able to implement adequate controls, leading to material misstatement of the financial position of the district municipality or where my scope was limited, despite my attempts to undertake alternative audit procedures. These instances of inadequate controls have been included in the paragraphs below.

#### **3.1.4.1 Fixed assets**

In terms of section 95(b) of the MFMA, the accounting officer should ensure that full and proper records of the financial affairs of the entity are kept. However, adequate control was not exercised over assets during the year under review. This is as a result of asset records not being continuously and effectively monitored by management. The asset register is therefore not adequately maintained and supporting documentation relating to assets was not always found to be accurate and complete. In addition, no impairment tests have been conducted on fixed assets as required by GAMAP 17: Property, plant and equipment.

No separate accounts exist in the general ledger for the various categories of depreciation and accumulated depreciation. Globular journal entries, amounting to R 6 229 588, used to capture additions and depreciation, were not accompanied by detailed supporting documentation.

Further, significant misstatements were noted in the asset register.

Consequently, it was not possible to verify the completeness, existence, valuation and classification of assets.

#### **3.1.4.2 Reserves**

- (a) In terms of GRAP 1: Presentation of financial statements, paragraph 144, a municipality is not permitted to account for a reserve if it is not represented by cash or if there is no legislative requirement to account for the reserve. Included in the statement of financial position are reserves to the value of R16 635 209 as well as unspent conditional grants of R 132 531 809 which do not meet these requirements
- (b) A transfer to the capital replacement reserve amounting to R 9 619 388 could not be fully accounted for and contribution of R 10 749 525 to the reserve was expensed rather than being accounted for through the statement of changes in net assets.
- (c) There is a R 920 410 discrepancy between the government grant reserve disclosed in the annual financial statements and the carrying value of fixed assets so financed in the asset register and no transfer was made from the reserve to accumulated surplus in respect of the depreciation of such assets.
- (d) Further detailed workings and the basis of allocations were not provided in respect of interest income that was allocated to projects.

Consequently, it was not possible to verify the existence, completeness, accuracy as well as classification and disclosure of these reserves.

#### **3.1.4.3 Debtors**

- (a) The district municipality does not have a policy for a bad debt provision.  
(
- b) The integrity of the consumer debtors age analysis report cannot be relied upon as the balance per the report differs by R 433 217 701 to the annual financial statements.
- (c) A loan made during a prior period for R 2 500 000 and the interest thereon is not reflected in the annual financial statements. It is estimated that the loan should be disclosed at R 3 076 403 in the current year.
- (d) Staff loans amounting to R 379 178 have been misallocated to sundry debtors

I am consequently unable to satisfy myself as to the valuation and classification of the debtors balance.

#### **3.1.4.4 Employee costs**

- (a) Leave records were found, generally, to be in an unsatisfactory state. Leave records had not been regularly updated and leave forms had not been timeously filed on personnel files, if at all. The leave records on the personnel system have been used as the basis for calculating the R 2 818 242 leave accrual disclosed in the annual financial statements.
- (b) The basis of calculating the statutory leave pay accrual was adjusted at year end to include a number of allowances in the rate of pay used. Terminated employees who encashed their statutory leave during the year were paid out using basic salary only. This may give rise to a claim on behalf of the staff who were paid out at the lower rate.
- (c) In addition, in terms of Section 7(5) of the South African Labour and Bargaining Council (SALBC), leave in excess of 48 days which the employee declines to take, should be forfeited. The municipality has not complied with this section, as a number of employees have more than 48 days due to them
- (d) The leave pay accrual has not been discounted to its present value as required by IAS 19: Employee benefits. The financial misstatement in this regard is unknown as the district municipality would have to determine an adequate discount rate in accordance with their risk profile, and the discounting period, if not known, would have to be estimated. Further, the amount has been misclassified as a provision.



- (e) The contractual agreement between the District Municipality and the consultants who performed performance appraisals could not be provided. Performance bonuses amounting to R 341 245 could not be verified since the individual scoring was not detailed.

As a result of the above, it is not possible to determine the accuracy, validity, completeness, valuation as well as classification and disclosure of employee costs.

#### **3.1.4.5 Annual financial statements**

- (a) Certain comparative figures in the current year annual financial statements differ significantly to the prior year audited annual financial statements. Journals, detailed calculations and the rationale behind the above differences were not supplied for auditing and recalculation.

An adjustment of R 16 614 547 was effected to the statement of financial position.

Following adjustments to the statement of financial performance, an amount of R 4 696 610 could not be accounted for.

The disclosure note relating to these adjustments does not comply with GRAP standards since there is not an adequate explanation as to the prior period errors and the amounts previously stated.

- (b) The cash flow statement includes an amount of R 4 096 808 relating to transactions from the prior year as well as non-cash item amounting to R 121 848 in respect of a provision.

- (c) The statement of changes in net assets makes reference to disclosure in respect of changes in accounting policy, however the respective note discloses no amounts.


- (d) The net amount of transactions posted to the unappropriated surplus account amounts to R 11 044 092, whereas the amount per the statement of changes in net assets is disclosed as R 16 117 540.

#### **3.1.4.6 Bank and cash**

The bank and cash balance is misstated as it consists of various suspense accounts, with a net credit balance of R 17 026 180 (2005: R 8 420 005). The transactional value of the movement on the suspense accounts is R 66 935 332.

The bank overdraft of R 5 942 128 has not been separately disclosed but included with favourable call account balances. Unspent conditional grants should be represented by cash in the call accounts and not offset a current account overdraft which relates to the operations of the district municipality. Further, no resolution from council approving such overdraft could be produced.

Bank reconciliations are not always prepared and reviewed timeously and include historic reconciling items. Insufficient disclosure in terms of bank and cash has been made.



Consequently, it is not possible to determine the completeness and correct classification and disclosure of bank and cash.

#### **3.1.4.7 Suspense accounts**

- (a) Suspense accounts amounting to R 24 351 021 (2005: R 4 810 010) remained uncleared at year-end. The accounting records indicate an increase in suspense accounts of R 16 090 989, however the opening balance differs from the prior year closing balance by R 3 450 022.
- (b) A complete listing of originating and clearing entries posted to the suspense accounts, as well as supporting documentation could not be provided.
- (c) Furthermore, during the testing of journals, significant errors were noted with respect to correcting journals processed to the suspense accounts.

In light of the above, it was not possible to obtain all the information and explanations that were considered necessary to gain assurance as to the validity, accuracy and completeness of account balances and classes of transactions as contained in the annual financial statements.

#### **3.1.4.8 Projects**

With respect to projects that were slow-moving or showed no movement, information relating to budgeted and actual income and expenditure per project was not provided. As a result, it was not possible to determine whether over or underspending occurred.

#### **3.1.4.9 Creditors**

In terms of GRAP1: Presentation of financial statements, the municipality should prepare its financial statements on an accrual basis of accounting. A number of invoices pertaining to the 2006 year end were only processed after year end, and, as a result of inadequate suppliers' reconciliations, this was not detected by management. The total amount by which the above balance is understated could not be determined.

#### **3.1.4.10 Value-Added Tax (VAT)**

It was noted that the VAT returns submitted for the year did not reconcile to the general ledger and there was no evidence of review of such reconciliations. Documentation could not be provided to explain the differences.

It was noted that the district municipality is registered for VAT on the invoice basis, yet VAT is accrued on the cash basis.

I am consequently unable to satisfy myself as to the accuracy, measurement and valuation of VAT transactions and balances.



#### **3.1.4.11 General journals**

General journals with a material rand value, submitted for audit purposes did not have adequate and appropriate documentation to support the transactions that they represented. This is as a result of ineffective reviewing, checking and reconciling of source documentation.

In addition, no approved and documented policy exists to manage and control journal entries.

Consequently, it was not possible to obtain all the information and explanations that were considered necessary to gain assurance as to the validity, accuracy and completeness of account balances and classes of transactions as contained in the annual financial statements.

#### **3.1.4.12 Related parties**

No policy exists for the identification of related parties and related party transactions. No such disclosure is made in the annual financial statements. As a result, the completeness of such disclosure could not be verified.

#### **3.1.4.13 Contingent liability and commitments not disclosed**

Based on a confirmation from the District Municipality's legal representatives, there is an estimated contingent legal liability as at 30 June 2006 of R 13 270 701. This has not been disclosed in the annual financial statements. No commitments were disclosed in the annual financial statements.

#### **3.1.4.14 Irregular and fruitless and wasteful expenditure**

No disclosure is made in the annual financial statements relating to irregular and/or fruitless and wasteful expenditure. This could not be verified owing to insufficient documentation.

#### **3.1.5 DISCLAIMER OF OPINION**

Due to the significance of the matters discussed in paragraph 4 I do not express an opinion on the annual financial statements of the Chris Hani District Municipality for the year ended 30 June 2006

#### **3.1.6 EMPHASIS OF MATTER**

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

##### **3.1.6.1 Annual financial statements**

The District Municipality did not comply with section 126(1)(a) of the Municipal Finance Management Act No. 56 of 2003, owing to the late submission of their annual financial statements.

Material changes were made to the annual financial statements and these were subsequently re-signed on 21 September 2006.

#### **3.1.6.2 Audit committee**

The audit committee performed neither an assessment of the effectiveness of the internal audit function, nor a quality assurance review on the work performed by internal audit.

The District Municipality did not address the recommendations made by the audit committee timeously.

#### **3.1.6.3 Internal audit**

The internal audit unit did not function effectively during the year.

#### **3.1.6.4 Internal control weaknesses**

Internal control weaknesses were identified in the following cycles:

- |                          |                                |
|--------------------------|--------------------------------|
| ■ Bank and cash          | ■ Employee cost                |
| ■ Purchases and payables | ■ Revenue and receivables      |
| ■ Assets                 | ■ Computer information systems |

This affects the transactions and events, account balances and presentation and disclosure for the year under review.

#### **3.1.6.5 Non-compliance**

Certain aspects of the following legislation has not been complied with. This has been reported to management:

- Municipal Finance Management Act No. 56 of 2003 (MFMA)
- Division of Revenue Act No.2 of 2006 (DORA)
- Municipal Systems Act No.32 of 2000 (MSA)
- VAT Act No. 89 of 1991 (VAT)

Areas of non-compliance include:

- No performance measurement report in annual report (section 46 of the MSA).
- Preparation and submission of budget statements (sections 71(1)-(5); 21(1)(b) and 24(3) of the MFMA).
- Schedule 4 allocations (sections 26(2)(a)(i)-(ii) and 26(3)(b) of DORA and section 21A of the MSA).
- Non-compliance with 30-day supplier payment terms (section (65(2)(e) of the MFMA).
- Input VAT deductions (section 17(2)(c) of the VAT).

#### **3.1.6.6 Policies and procedures**

No documented, approved and implemented policies and procedures exist for the following:

- |                                |                          |
|--------------------------------|--------------------------|
| ■ Employee costs               | ■ Purchases and payables |
| ■ Revenue and receivables      | ■ Assets                 |
| ■ Computer information systems | ■ Internet reporting     |



#### **3.1.6.7 District Council Levies**

It was not possible to verify the completeness and accuracy of recorded income from levies as it could not be confirmed that a structured basis for collection of such levies exists.

It is however acknowledged that levy inspectors are assigned to cover the entire area of jurisdiction of the district municipality and are incentivised to maximize collection of levies.

#### **3.1.6.8 No fraud prevention and risk assessment**

There are no approved fraud prevention and risk assessment plans at the district municipality. This increases the risk of fraud and error within all major business cycles.

#### **3.1.6.9 Un-audited additional information**

The supplementary schedules set out on pages 31 to 39 do not form part of the annual financial statements and are presented as additional information. These schedules have not been audited and accordingly no opinion is expressed thereon.

#### **3.1.6.10 Performance audit committee**

No performance audit committee had been established at the district municipality.

#### **3.1.6.11 Significant post balance sheet event**

The District Municipality has not disclosed the discontinuation of Regional Services Council (RSC) levies, effective from 1 July 2006. Alternative funding for operations has been arranged by National Treasury.

#### **3.1.6.12 Declaration of interests**

The District Municipality is required to keep a register of all cases where staff have declared business interests. This register has not been adequately maintained.

#### **3.1.7 APPRECIATION**

The assistance rendered by the staff of the Chris Hani District Municipality during the audit is sincerely appreciated.

S M Ngqwala for Auditor-General  
East London  
31st March 2007



AUDITOR - GENERAL

## STATEMENT OF FINANCIAL POSITION

### AT 30 JUNE 2006

	Note	2006 R	2005 R
<b>NET ASSETS AND LIABILITIES</b>			
Net assets		<b>61 896 122</b>	<b>51 512 709</b>
Capital replacement reserve		10 373 495	714 333
Capitalisation reserve		—	—
Government grant reserve		6 261 714	4 245 442
Unappropriated Surplus/(accumulated Deficit)		45 260 913	46 552 934
Non-current Liabilities		<b>958 242</b>	<b>588 007</b>
Non-current provisions	3	958 242	588 007
Current Liabilities		<b>152 393 037</b>	<b>164 026 469</b>
Provisions	5	1 860 000	1 152 183
Creditors	6	18 001 228	22 840 184
Unspent conditional grants and receipts	7	132 531 809	140 034 102
Bank overdraft	15	—	—
<b>Total Net Assets And Liabilities</b>		<b>215 247 401</b>	<b>216 127 185</b>
<b>ASSETS</b>			
Non-Current Assets		<b>17 559 024</b>	<b>18 109 783</b>
Property, Plant And Equipment	9	17 559 024	17 495 656
Long-term receivables	11	—	614 127
Current Assets		<b>197 688 377</b>	<b>198 017 402</b>
Consumer debtors	13	4 253 871	705 116
Other debtors	14	30 120 148	50 369 059
Current portion of long-term loans	11	283 313	243 075
Call Investments	10	—	—
Vat	8	20 077 732	34 522 915
Cash		2 940	3 290
Bank	15	142 950 373	112 173 947
<b>Total Assets</b>		<b>215 247 401</b>	<b>216 127 185</b>

( Note : The Statement of Financial Position has been prepared in accordance with GRAP 1)



### 3.3

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

Budget			Actual	
2005 R	2006 R	Note	2006 R	2005 R
REVENUE				
6 735 000	11 315 000	Regional Services Levy- Turnover	11 984 273	7 478 249
6 365 000	10 685 000	Regional Services Levy- Remuneration	14 527 134	10 111 497
63 600	66 000	Rental	3 002	38 567
–	–	Service charges	17	–
1 452 600	1 554 300	Investment Interest	4 107 112	140 989
108 000	400 000	Other Interest	2 215 077	50 771
13 841 300	–	Income for agency services	22 800 371	15 075 239
30 122 400	86 596 000	Government grants and subsidies	18	84 952 955
–	–	Tariffs and Charges	600	1 316
50 000	50 000	Other income	19	973 108
–	–	Gains on disposal of property, plant and equipment	11 855	–
58 737 900	110 666 300		141 575 487	51 438 393
202 445 700	149 631 000	Recovered from Grants and subsidies	18	160 962 050
261 183 600	260 297 300	Total Income	302 537 537	291 915 141
EXPENDITURE				
36 908 018	29 687 700	Employee related costs	20	43 268 696
4 578 400	3 388 100	Remuneration of Councillors	21	3 222 422
–	–	Bad debts	22	7 626 451
475 000	1 713 000	Collection costs	2 101 724	6 155 582
–	2 664 100	Depreciation	3 083 179	1 725 428
1 896 550	516 200	Repairs and maintenance	949 583	2 867 943
90 000	120 000	Contracted services	35 582	63 855
7 962 000	8 643 900	Grants and Subsidies paid	25	8 467 445
5 827 932	52 703 900	General expenses-other	57 140 312	5 571 229
1 000 000	347 400	Contributions to provisions	3	1 200 000
–	10 882 000	Contribution to Capital Replacement Reserve	10 749 525	–
58 737 900	110 666 300		137 844 919	61 147 468
202 445 700	149 631 000	General expenses-Conditional Grants	160 962 050	240 476 748
261 183 600	260 297 300	Total Expenditure	298 806 969	301 624 216
0	0	Nett Surplus/(Deficit) for the year	3 730 568	(9 709 075)

(Note: the income statement has been prepared in accordance with GRAP 1 and the budget formats)

(The budget figure for 2005 only include the Chris Hani budget and none of the agency services.)

# STATEMENT OF CHANGES IN NET ASSETS

## FOR THE YEAR ENDED 30 JUNE 2006

	Note	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Public donations and contributions reserve	Accumulated surplus	Total
		R	R	R	R	R	R
2005							
Balance at 1 Jul 2004		674 302	5 382 642	3 768 032	0	30 189 787	40 014 763
Corrections	38					(104 137)	(104 137)
Change in accounting policy	28		(5 382 642)			5 382 642	0
<b>Restated balance</b>		<b>674 302</b>	<b>0</b>	<b>3 768 032</b>	<b>0</b>	<b>35 468 292</b>	<b>39 910 626</b>
Net Surplus for the year						(5 012 465)	(5 012 465)
Transfer to/(from) CRR		(497 007)				497 007	0
Transfer of interest earned to CRR		40 030				(40 030)	0
Property, plant and equipment purchased							0
Capital grants used to purchase PPE				1 155 123		(1 155 123)	0
Offsetting of depreciation.				(677 713)	-	677 713	0
<b>Balance at 30 June 2005</b>		<b>217 325</b>	<b>0</b>	<b>4 245 442</b>	<b>0</b>	<b>30 435 394</b>	<b>34 898 161</b>
2006							
Corrections	38	497 007				16 117 540	16 614 547
Change in accounting policy	28						0
<b>Restated balance</b>		<b>714 332</b>	<b>0</b>	<b>4 245 442</b>	<b>0</b>	<b>46 552 934</b>	<b>51 512 708</b>
Net Surplus for the year						3 730 568	3 730 568
Transfer to/(from) CRR		9 619 388				(2 966 542)	6 652 846
Transfer of interest earned to CRR		39 775				(39 775)	0
Property, plant and equipment purchased							0
Capital grants used to purchase PPE				2 016 272		(2 016 272)	0
Offsetting of depreciation.							0
<b>Balance at 30 June 2006</b>		<b>10 373 495</b>	<b>0</b>	<b>6 261 714</b>	<b>0</b>	<b>45 260 913</b>	<b>61 896 122</b>



3.5

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	2005 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from levies, government and other		321 947 752	267 542 921
Cash paid to suppliers and employees		(292 584 320)	(290 006 511)
Cash generated from operations	29	<b>29 363 432</b>	<b>(22 463 590)</b>
Interest received		4 107 112	140 989
Interest Paid		—	—
<b>Net Cash from Operating Activities</b>		<b>33 470 544</b>	<b>(22 322 601)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment.		(3 146 409)	(7 255 374)
Proceeds on disposal of fixed assets.		—	—
(Increases)/Decreases in non-current receivables		573 889	1 037 090
(Increases)/Decreases in non current investments		—	—
(Increases)/Decreases in call investment deposits		—	—
<b>Net Cash from Investing Activities</b>		<b>(2 572 520)</b>	<b>(6 218 284)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised		—	—
Increase/(Decrease) in consumer deposits		—	—
Non-Operating expenditure charged against Provisions		(121 948)	(772 864)
Non-Operating income charged against Provisions		—	—
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(121 948)</b>	<b>(29 313 749)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	30	<b>30 776 076</b>	<b>216 127 185</b>
Cash and cash equivalents at the beginning of the year		112 177 237	141 490 986
Cash and cash equivalents at the end of the year		142 953 313	112 177 237

## ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### 3.6.1 BASIS OF PRESENTATION

These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act 56 of 2003). These accounting policies are consistent with those of the previous financial year.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

The financial statements are presented in South African Rand and have been prepared on a going concern basis.

### 3.6.2 PROPERTY, PLANT AND EQUIPMENT (PPE)

i) PPE is stated:

- At cost less accumulated depreciation, or
- At fair value at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.

ii) Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed.

iii) Depreciation and impairment losses:

(a) Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives:

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<b>Community</b>		Specialised plant and equipment	10-15
Improvements	30	Other plant and equipment	2-5
Recreational Facilities	20-30		
Security	5		
<b>Investment Properties</b>	30		

(b) Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.



(c) The carrying amount of an item or a group of identical items of PPE is reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount of the reduction is recognised as an expense immediately, unless it reverses a previous revaluation, in which case it is charged to the revaluation non distributable reserve.

iv) Disposal and retirement of assets:

- Assets are eliminated from the Statement of Financial Position on disposal or retirement.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a profit or loss in the statement of financial performance.

### 3.6.3 FUNDS AND RESERVES

The Municipality creates and maintains Funds and Reserves in terms of specific requirements.

i) Capital Replacement Reserve (CRR)

In order to finance the purchase of items of property, plant and equipment amounts are transferred out of the net surplus for a period (when needed) into the Capital Replacement Reserve (CRR). These transfers from the net surplus may only be made if they are backed by cash. The following provisions are set for the creation and utilisation of the CRR:

- The cash backing up the CRR is invested, in accordance with the investment policy of the Council, until it is utilised.
- Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR in accordance with council policy.
- The CRR may only be utilised for the purpose of purchasing items or construction of property, plant and equipment for the Council and may not be used for the maintenance of these items. If Council want to utilise the CRR for expensing something else than PPE an amount equal to the expense must be transferred to net surplus.
- Whenever an asset is purchased out of the CRR an amount equal to the cost price of the asset purchased is transferred from the CRR to the Accumulated surplus account through the Statement of Changes in Net Assets. This transfer is used to offset depreciation charged on assets purchased out of the AFR and is released to the Statement of Changes in Net Assets at purchase of the asset to avoid double taxation of the consumers.
- If a profit is made on the sale of PPE other than land the profit on these assets sold is reflected in the Statement of Financial Performance and is then transferred via the statement of changes in net assets to the CRR provided that it is backed by cash. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.



ii) Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grant Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus. When an item of property, plant and equipment is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

#### 3.6.4 PROVISIONS

A provision is recognised when the Council has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

i) Employee Benefits

(a) Retirement Funds

The Council and its employees contribute to various Pension Funds and its councillors contribute to the Pension Fund for Municipal Councillors. These funds provide retirement benefits to such employees and councillors. The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis unless exemption to do so has been obtained from the Registrar of Pension Funds.

Current contributions are charged against the operating account of the Council at a percentage of the basic salary paid to employees, or allowances in the case of councillors.

(b) Medical Aid

The Council provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Council for the remaining 70%.

These contributions are charged to the operating account when paid.



(c) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the total accrued leave owing to employees and on their total salary packages.

(d) Provision for bonuses

Bonuses were paid out of operating expenses

(e) Provision for constructive obligations

Provision is made for any constructive obligations of CHDM. A constructive obligation arises through an established pattern of past practice, published policies or a sufficiently specific current standard, whereby CHDM has indicated to other parties that it will accept certain responsibilities and as a result, the CHDM has created a valid expectation on the part of those other parties that it will discharge those responsibilities

(f) Provision for onerous contracts

When the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. An onerous contract is a contract for the exchange of assets or services in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it.

### 3.6.5 LEASES

#### **LESSEE ACCOUNTING**

- i) Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Council.
- ii) Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the lease term or any other basis which is representative of the time pattern of the lessees benefit.
- iii) Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

#### **LESSOR ACCOUNTING**

- iv) Amounts due from lessees under finance leases are recorded as receivables at the amount of the Council's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Council's net investment outstanding in respect of the leases.
- v) Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### 3.6.6 INVESTMENTS

The Council may have the following types of investments:

- **Held to maturity (HTM) investments** are financial assets with fixed or determinable payments and fixed maturity where the Council has the positive intent and ability to hold the investment to maturity.
- **Loans and receivables originated by the enterprise** are financial assets that are created by providing money, goods or services directly to a loan debtor.

**INITIAL MEASUREMENT** of financial instruments is at cost, which is the fair value of the consideration given. The fair value is usually the transaction price or market price. Transaction costs are included in the initial measurement of financial assets. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges; and transfer taxes and duties. Transaction costs do not include debt premium or discount, financing costs or allocations of internal administrative or holding costs.

**SUBSEQUENT MEASUREMENT** of financial assets.

HTM investments and loans and receivables originated by the Council and not held for trading is subsequently recognised at amortised cost using the effective interest rate method. Amortised cost is defined as the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.

### 3.6.7 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at statement of financial position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expenses in the period in which they arise. Where the transaction is covered by a forward exchange contract, the rate specified in the contract is used.

### 3.6.8 REVENUE RECOGNITION

- i) Revenue is derived from a variety of sources which include Regional Council levies, grants from other tiers of government and revenue from other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the Council and these benefits can be measured reliably.
- ii) Revenue from levies is recognised when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Interest on unpaid levies is recognised on a time proportionate basis.



- iii) Some services are provided on a prepayment basis in which case no formal billing takes place and income is accrued when received.
- iv) Interest earned on investments is recognised in the statement of financial performance on a time proportionate basis that takes into account the effective yield on the investment. Interest may be transferred from the unappropriated surplus to the AFR. Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants if the grant conditions indicate that interest is payable to the funder.
- v) Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
  - The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
  - The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
  - The amount of revenue can be measured reliably.
  - It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
  - The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- vi) Interest on outstanding debtors is recognized on a time proportionate basis and is charged on all outstanding debtors older than 30 days.
- vii) When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognised by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
  - The amount of revenue can be measured reliably.
  - It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
  - The stage of completion of the transaction at the statement of financial position date can be measured reliably.
  - The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- viii) Government Grants are recognised as revenue when all conditions associated with the grant have been met. Where grants have been received but the Council has not met the condition, a liability is raised.

### 3.6.9 VALUE ADDED TAX

The Council accounts for Value Added Tax on the payment basis.

### 3.6.10 SEGMENTAL INFORMATION

The principal segments have been identified on a primary basis by service operation and on a secondary basis by the classification of revenue and expenditure. The primary basis is representative of the internal structure for both budgeting and management purposes. The secondary basis classifies all operations based on the classification of revenue and expenditure.

### 3.6.11 GRANTS-IN-AID

The Council transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Council does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred. If these contracts are onerous and extend over more than one financial year after year end they are treated in accordance with the accounting policy on onerous contracts outlined under 3.5.4 f above.

### 3.6.12 UNUTILISED CONDITIONAL GRANTS.

Unutilised conditional grants are reflected on the Statement of financial position as a creditor – unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. These creditors always have to be cash backed. The following provisions are set for the creation and utilisation of these creditors:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Council's interest it is recognised as interest earned in the statement of financial performance.
- Whenever an asset is purchased and funded from the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Capital Receipts into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the statement of changes in net assets to a reserve called a future depreciation reserve (FDR). This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Capital Receipts. The FDR is used to offset depreciation charged on assets purchased out of the Unutilised Capital Receipts to avoid double taxation of the consumers.



#### 3.6.13 INTANGIBLE ASSETS

Intangible assets are treated in accordance with the provisions of IAS 38. In accordance with these provisions intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. An intangible asset is defined as an identifiable non – monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of the Council are amortised according to the straight line method.

#### 3.6.14 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written of during the year in which they are identified.

#### 3.6.15 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short – term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

#### 3.6.16 COMPARATIVE INFORMATION

##### **i) Current Year Comparatives**

Budgeted amounts have been included in the annual financial statements for both financial years.

##### **ii) Prior Year Comparatives**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2006

Note	2006 R	2005 R
<b>1 HOUSING DEVELOPMENT FUND</b>		
Chris Hani District Municipality does not administer any Housing development fund.		
<b>2 LONG- TERM LIABILITIES</b>		
Chris Hani District Municipality have no long- term liabilities by way of external loans.		
<b>3 NON-CURRENT PROVISIONS</b>		
Provision for Leave pay	958 242	588 007
<b>Total Non-Current Provisions</b>	<b>958 242</b>	<b>588 007</b>
Leave pay accrue to employees on a yearly basis, subject to certain conditions. The provision is an estimate of the amount due to staff at the reporting date.		
The movement in the provision is reconciled as follows:		
Balance at beginning of year	588 007	740 054
Contributions and other income	1 200 000	1 000 000
Expenditure incurred	–	–
Increase due to discounting	–	–
Transfer to current provisions	(829 765)	(1 152 047)
<b>Balance at end of year</b>	<b>958 242</b>	<b>588 007</b>
<b>4 CONSUMER DEPOSITS</b>		
Chris Hani District Municipality holds no consumer deposits.		
<b>5 CURRENT PROVISIONS</b>		
Current portion of Leave Pay provision	1 860 000	1 152 047
<b>Total Current Provisions</b>	<b>1 860 000</b>	<b>1 152 047</b>
The movement in the current provision is reconciled as follows:		
Balance at beginning of year	1 152 183	773 000
Transfer from non-current	829 765	1 152 047
Contributions to provision		
Expenditure incurred	(121 948)	(772 864)
<b>Balance at end of year</b>	<b>1 860 000</b>	<b>1 152 183</b>



Note	2006 R	2005 R
<b>6 CREDITORS</b>		
Trade creditors	1 280 525	853 647
Unidentified direct deposits	–	245
DWAF: Unidentified deposits	1 115 930	1 115 930
Equitable share projects	2 174 700	2 174 700
Deposits	8 334	321 334
Former TRC - Engcobo	1 094 769	1 094 769
Traffic fines	233 348	233 348
Income Suspense (Levies)	4 996 603	2 425 206
Road works	5 961 627	13 047 986
Other creditors	1 135 392	1 573 019
<b>Total Creditors</b>	<b>18 001 228</b>	<b>22 840 184</b>
<b>7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
Conditional grants from government	132 531 809	140 034 102
Government Grants	107 234 819	92 791 710
Provincial Grants and subsidies	25 296 990	47 242 392
<b>Other conditional receipts</b>	<b>–</b>	<b>–</b>
<b>Total Conditional Grants and Subsidies</b>	<b>132 531 809</b>	<b>140 034 102</b>
See Appendix E for a reconciliation of grants from National/Provincial Government. These amounts are fully invested until utilised.		
<b>8 VAT</b>		
Vat control account	(1 597 159)	(1 428 572)
Accrued Vat (refund from SARS)	(41 187 546)	(5 362 263)
Input tax	70 601 374	45 466 478
Output tax	(7 738 937)	(4 152 728)
	<b>20 077 732</b>	<b>34 522 915</b>
Vat is paid on the receivable basis.		

Note				2006 R		2005 R
9	PROPERTY, PLANT AND EQUIPMENT					
Reconciliation Carrying Value	of	Land and buildings R	Infrastruc- ture R	Community R	Other R	Total R
30 JUNE 2006						
Carrying values at 1 July 2005		8 869 109	–	239 413	8 387 132	17 495 654
Cost		10 131 373	–	457 586	13 192 175	23 781 134
Accumulated depreciation		(1 262 264)	–	(218 173)	(4 805 043)	(6 285 480)
Acquisitions					1 130 137	1 130 137
Capital under Construction		2 016 272				2 016 272
Depreciation		(541 626)	–	(25 870)	(2 515 543)	(3 083 039)
– based on cost		(541 626)		(25 870)	(2 515 543)	(3 083 039)
Carrying value of disposals		–	–	–	–	–
Cost					26 658	26 658
Accumulated depreciation					(26 658)	(26 658)
Impairment losses						–
Other movements						–
Carrying values at 30 June 2006		10 343 755	–	213 543	7 001 726	17 559 024
Cost		12 147 645	–	457 586	14 295 654	26 900 885
Accumulated depreciation		(1 803 890)	–	(244 043)	(7 293 928)	(9 341 861)
30 JUNE 2005						
Carrying values at 1 July 2004		6 088 757	–	246 790	5 629 962	11 965 509
Cost		7 109 738	–	419 966	8 996 057	16 525 761
Accumulated depreciation		(1 020 981)	–	(173 176)	(3 366 095)	(4 560 252)
Acquisitions		3 021 635	–	37 620	4 196 118	7 255 373
Capital under Construction		–	–	–	–	–
Depreciation		(241 283)	–	(44 997)	(1 438 948)	(1 725 228)
– based on cost		(241 283)	–	(44 997)	(1 438 948)	(1 725 228)
Carrying value of disposals		–	–	–	–	–
Cost		–	–	–	–	–
Accumulated depreciation		–	–	–	–	–
Impairment losses		–	–	–	–	–
Other movements		–	–	–	–	–
Carrying values at 30 June 2005		8 869 109	–	239 413	8 387 132	17 495 654
Cost		10 131 373	–	457 586	13 192 175	23 781 134
Accumulated depreciation		(1 262 264)	–	(218 173)	(4 805 043)	(6 285 480)



	2006 R	2005 R
<b>10 CALL INVESTMENT DEPOSITS</b>		
<b>Listed</b>		
There were no listed investments on reporting date.		
<b>Unlisted</b>		
There were no unlisted investments on reporting date		
<b>Financial Instruments</b>		
Call Account Deposits	—	—
Total cash investments	—	—
<b>Total Investments</b>	—	—
<b>Allocation of call investments</b>		
Surplus cash is kept on Call Account until used for specific purposes.		
<b>11 LONG-TERM RECEIVABLES</b>		
Motor car loans	283 313	857 202
Study loans	—	—
	<b>283 313</b>	<b>857 202</b>
Less : Short-term portion transferred to current assets	(283 313)	(243 075)
<b>Total Non-Current loans</b>	—	<b>614 127</b>
Loans were approved for:		
Motor car loans to employees at 8% Interest per annum. No new loans are being made and existing loans are phased out as they are repaid.		
<b>12 INVENTORY</b>		
The Council keeps no inventory. Goods are purchased as needed and consumed in the financial year of purchase.		
<b>13 CONSUMER DEBTORS</b>		
Levies	4 253 871	705 116
<b>Total</b>	<b>4 253 871</b>	<b>705 116</b>

	2006 R	2005 R
<b>14 OTHER DEBTORS</b>		
Health Subsidies	1 694 212	1 694 212
Roads & Works Recov. Expenditure.	484 197	1 381 119
Lukhanji Municipality (Eskom Account)	3 389 476	3 389 476
Ambulance Service	2 215 798	2 093 104
Ambulance Subsidy Bisho	1 687 765	1 687 765
Intsika Yethu Subsidy	312 346	312 346
Roadwork's Subsidy	8 294 619	17 380 246
Subsidy National Health And Population Projects	3 358 645	4 680 392
	463 643	246 411
Elections Infrastructure	1 190 001	1 190 001
Poverty relief	–	3 838 582
Hala upgrading of services (Special Fund)	3 117 120	3 117 120
Previous System Movements	6 272 499	6 272 499
Other Sundry Debtors	5 266 277	3 085 786
<b>Sub-Total: Other Debtors</b>	<b>37 746 598</b>	<b>50 369 059</b>
Provision for Bad Debts	(7 626 450)	–
<b>Net: Other Debtors</b>	<b>30 120 148</b>	<b>50 369 059</b>
<b>15 BANK, CASH AND OVERDRAFT BALANCES</b>		
Chris Hani District Municipality has the following bank accounts:		
Current Account (Primary Bank Account)		
First National Bank Cathcart Road Queenstown		
Cashbook balance at the beginning of the year	112 173 947	141 487 696
Cashbook balance at the end of the year	<b>142 950 373</b>	<b>112 173 947</b>
Bank statement balance at the beginning of the year	139 005 883	142 401 354
Bank statement balance at the end of the year	<b>163 090 445</b>	<b>139 005 883</b>
<b>16 MUNICIPAL ENTITIES</b>		
Chris Hani District Municipality does not have any Municipal Entities.		
<b>17 SERVICE CHARGES</b>		
Chris Hani District Municipality does not levy any service charges.		



	2006 R	2005 R
<b>18 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Government Grants		
Equitable share	82 936 683	16 654 278
<b>Total Government Grants</b>	<b>82 936 683</b>	<b>16 654 278</b>
National/Provincial conditional Government grant funding.		
Funds transferred to Income for reimbursement of non capital expenditure	160 962 050	240 476 748
Funds transferred to Income for reimbursement of capital expenditure (See Appendix E for detail)	2 016 272	1 155 123
<b>Total National/Provincial Government Grants reimbursements</b>	<b>162 978 322</b>	<b>241 631 871</b>
<b>Total Government Grants and Subsidies</b>	<b>245 915 005</b>	<b>258 286 149</b>
<b>Equitable share</b>		
In terms of the Constitution, this grant is used to balance the Municipalities revenue. The payment was not withheld for any reason.		
<b>19 OTHER INCOME</b>		
Sundry Income	973 108	623 425
Commission On Collection	–	26 614
Sundry Rentals	–	–
Recoveries	–	82 325
<b>Total Other Income</b>	<b>973 108</b>	<b>732 364</b>
<b>20 EMPLOYEE RELATED COSTS</b>		
Salaries and wages	31 599 770	23 043 480
Contributions for UIF, pensions and medical aids	7 341 793	5 294 845
Travel, motor car and other allowances	3 393 667	2 965 050
Housing benefits	349 892	472 378
Overtime	–	–
Performance bonuses	341 245	464 867
Long-service awards	242 329	167 304
Less: Employee costs included in other expenses	–	–
	<b>43 268 696</b>	<b>32 407 924</b>
Remuneration of the Municipal Manager		
Annual Remuneration	351 998	330 438
Performance Bonuses	104 950	84 120
Car Allowance	159 174	149 220
Contributions to UIF, Medical and Pension funds	87 917	85 520
<b>Total</b>	<b>704 039</b>	<b>649 298</b>

	2006 R	2005 R
<b>Remuneration of the Director Finance</b>		
Annual Remuneration	328 553	308 988
Performance Bonuses	79 930	78 102
Car Allowance	148 350	139 320
Contributions to UIF, Medical and Pension funds	79 331	76 442
<b>Total</b>	<b>636 164</b>	<b>602 852</b>
<b>Remuneration of the Director Corporate Services.</b>		
Annual Remuneration	328 553	308 988
Performance Bonuses	74 126	68 339
Car Allowance	148 350	139 320
Contributions to UIF, Medical and Pension funds	79 331	76 442
<b>Total</b>	<b>630 360</b>	<b>593 089</b>
<b>Remuneration of the Director Integrated Planning &amp; Economic Development.</b>		
Annual Remuneration	328 553	308 988
Performance Bonuses	82 239	78 102
Car Allowance	148 350	139 320
Contributions to UIF, Medical and Pension funds	79 331	76 442
<b>Total</b>	<b>638 473</b>	<b>602 852</b>
<b>Remuneration of the Director of Health</b>		
Annual Remuneration	328 553	308 988
Performance Bonuses	–	78 102
Car Allowance	148 350	139 320
Contributions to UIF, Medical and Pension funds	79 331	76 442
<b>Total</b>	<b>556 234</b>	<b>602 852</b>
<b>Remuneration of the Director Infrastructure (1/9/2005 – 30/6/2006)</b>		
Annual Remuneration	277 915	308 988
Performance Bonuses	–	78 102
Car Allowance	123 625	139 320
Contributions to UIF, Medical and Pension funds	66 109	76 442
<b>Total</b>	<b>467 649</b>	<b>602 852</b>



	2006 R	2005 R
<b>21 REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	226 918	220 572
Deputy Executive Mayor	–	–
Speaker	181 535	176 462
Mayoral Committee members	1 021 135	992 598
Councillors	1 039 191	735 832
Allowances	753 643	1 034 386
Councillors' pension and Medical contribution	–	280 354
<b>Total Councillors' Remuneration</b>	<b>3 222 422</b>	<b>3 440 204</b>
<b>In-kind Benefits</b>		
The Executive Mayor is full-time and with the Mayoral Committee Members is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor has access to a Council owned vehicle for official duties.		
<b>22 BAD DEBTS</b>		
Contribution to the bad debt provision	7 626 451	–
Bad debt written off	–	–
<b>Total Bad Debts</b>	<b>7 626 451</b>	<b>–</b>
<b>23 INTEREST PAID</b>		
External loans	–	–
Finance leases	–	–
Bank overdrafts	–	–
<b>Total interest on External Borrowings.</b>	<b>–</b>	<b>–</b>
<b>24 BULK PURCHASES</b>		
Chris Hani District Municipality did not buy bulk services.		
<b>25 GRANTS AND SUBSIDIES PAID</b>		
Infrastructural Services	8 400 000	7 829 000
Problem Animal Control	31 000	31 000
Other	36 445	55 303
<b>Total Grants and Subsidies paid</b>	<b>8 467 445</b>	<b>7 915 303</b>
<b>26 GENERAL EXPENSES</b>		
No extraordinary expenses were included in general expenses	–	–
	<b>–</b>	<b>–</b>

	2006 R	2005 R
<b>27 CHANGES IN ACCOUNTING POLICY – IMPLEMENTATION OF GAMAP</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:		
<b>27.1 Statutory Funds</b>		
<b>Balance previously reported:</b>		
Capital development fund	–	–
	<u>–</u>	<u>–</u>
<b>Implementation of GAMAP</b>		
Transferred to the Capital replacement reserve.	–	–
	<u>–</u>	<u>–</u>
<b>27.2 Loans redeemed and other capital receipts.</b>		
Balance previously reported:	–	–
	<u>–</u>	<u>–</u>
<b>Implementation of GAMAP</b>		
Transferred to the Capitalisation reserve.	–	–
Transferred to the Government grant reserve.	–	–
	<u>–</u>	<u>–</u>
<b>27.3 Reserves</b>		
Balance previously reported:		
Training fund	–	–
	<u>–</u>	<u>–</u>
<b>Implementation of GAMAP</b>		
Transferred to Accumulated surplus.	–	–
	<u>–</u>	<u>–</u>
<b>27.4 Trust funds</b>		
<b>Balance previously reported:</b>		
(Excluding Training fund)	–	–
	<u>–</u>	<u>–</u>
<b>Implementation of GAMAP</b>		
Transferred to Conditional grant creditor accounts.	–	–
	<u>–</u>	<u>–</u>
<b>28 CHANGES IN ACCOUNTING POLICY</b>		
During the year ended 30 June 2004, previously Property, plant and equipment financing was, where uncertain as to origin, indicated as Capitalisation reserve.		
The comparative amount have been restated as follows:		
Capitalisation reserve	–	–
Accumulated surplus	–	–



	2006 R	2005 R
<b>29 CASH GENERATED BY OPERATIONS</b>		
Net surplus for the year	3 730 568	(9 709 075)
Adjustment for:		
Previous years	(4 096 818)	21 311 156
Changes in accounting policy	—	—
Depreciation	3 083 179	1 725 228
Loss on disposal of property, plant and equipment	—	—
Contributions to provisions - non-current	1 200 000	1 000 000
Contributions to provisions - current	—	—
Contribution to Capital Replacement Reserve	10 749 525	—
Investment income	(4 107 112)	(140 989)
Interest paid	—	—
<b>Operating surplus before working capital changes:</b>	<b>10 559 342</b>	<b>14 186 320</b>
(Increase)/Decrease in inventories	—	—
(Increase)/Decrease in RSC Levy debtors	(3 548 755)	(521 034)
(Increase)/Decrease in other debtors	20 248 911	(13 813 658)
(Increase)/Decrease in VAT	14 445 183	(9 896 539)
Increase/(Decrease) in conditional grants and receipts	(7 502 293)	(5 626 457)
Increase/(Decrease) in creditors	(4 838 956)	(6 792 222)
<b>Cash generated by operations</b>	<b>29 363 432</b>	<b>(22 463 590)</b>
<b>30 CASH AND CASH EQUIVALENTS</b>		
Balance at the end of the year	142 953 313	112 177 237
Balance at the beginning of the year	112 177 237	141 490 986
<b>Net (De-)/Increase in cash and cash equivalents</b>	<b>30 776 076</b>	<b>(29 313 749)</b>
<b>31 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Chris Hani District Municipality had no Long-term liabilities at the end of both financial years		
<b>32 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>Unauthorised expenditure</b>		
<b>Reconciliation of unauthorised expenditure</b>		
Opening balance	—	—
Unauthorised expenditure current year	—	—
Approved by Council	—	—
Transfer to statement of Financial performance -- authorised losses	—	—
Transfer to receivables for recovery	—	—
<b>Closing balance</b>	<b>—</b>	<b>—</b>

	2006 R	2005 R
<b>Irregular, fruitless and wasteful expenditure</b>		
<b>Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance	–	–
Fruitless and wasteful expenditure current year	–	–
Approved by Council	–	–
Transfer to statement of Financial performance – authorised losses	–	–
Transfer to receivables for recovery	–	–
<b>Closing balance</b>	<u>–</u>	<u>–</u>
<b>Total unauthorised, fruitless and wasteful expenditure disallowed</b>	<u>–</u>	<u>–</u>
<b>33 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>33.1 Contributions to SALGA</b>		
Opening balance	(106 279)	–
Council subscriptions	106 279	466 465
Amount paid - current year		(466 465)
Amount paid - next year		(106 279)
<b>Balance paid in advance (incl. in Debtors)</b>	<u>–</u>	<u>(106 279)</u>
<b>33.2 Audit fees</b>		
Opening balance	–	–
Current year audit fee	1 612 271	569 885
Amount paid - current year	(1 612 271)	(569 885)
Amount paid - previous years	–	–
<b>Balance unpaid (incl. in creditors)</b>	<u>–</u>	<u>–</u>
<b>33.3 VAT</b>		
VAT inputs receivables and VAT outputs receivables are shown in note 8. All VAT returns have been submitted by the due date throughout the year.		
<b>33.4 PAYE and UIF</b>		
Opening balance	–	–
Current year payroll deductions	6 184 514	
Amount paid - current year	(6 217 324)	
Amount paid - previous years	–	
<b>Balance undeducted (included in debtors)</b>	<u>(32 810)</u>	



	2006 R	2005 R
<b>33.5 Pension and Medical Aid Deductions</b>		
Opening balance	–	
Current year payroll deductions and Council Contributions	9 905 490	
Amount paid - current year	(9 905 490)	
Amount paid - previous years		
<b>Balance unpaid (included in creditors)</b>	<b>–</b>	
The balance would represent pension and medical aid contributions deducted from employees in the June 2006 payroll as well as Council's contributions to medical aid and pension funds. These amounts would be paid during July 2006.		
<b>34 CAPITAL COMMITMENTS</b>		
Chris Hani District Municipality had no commitments in respect of capital expenditure at the end of both financial years.		
<b>35 CONTINGENT LIABILITIES</b>		
A security to the amount of R8,033,000 was signed to First National Bank to cover a bank overdraft. This overdraft was not utilised.		
<b>36 RETIREMENT BENEFIT INFORMATION</b>		
<b>Post- Retirement Medical Benefit</b>		
Provision is made for post retirement medical benefits in the form of health care plans for eligible employees and pensioners		
<b>Pension and Retirement Fund Benefits</b>		
Employees and Council contribute to the Cape Joint Pension and Retirement Funds on the basis of a fixed contribution and is charged against income as incurred.		
<b>37 IN-KIND DONATIONS AND ASSISTANCE</b>		
No in-kind donations or assistance was done or provided in 2005/06		
<b>38 CORRECTIONS</b>		
During the year the following transactions was made in regard of the previous year and the comparative amounts have been restated:		
Creditors	188 419	380 803
Bank	–	3 115 139
Capital Replacement Reserve	(497 007)	–
Conditional grant creditors	16 426 128	(3 600 080)
<b>Net effect on surplus for the year</b>	<b>16 117 540</b>	<b>(104 138)</b>





CHAPTER IV  
**APPENDECES**

## APPENDIX A: ANALYSIS OF PROPERTY PLANT & EQUIPMENT

### AS AT 30 JUNE 2006

	Opening Balance R	Additions R	Cost Under Construction R	Disposals R	Closing Balance R
<b>INFRASTRUCTURE ASSETS</b>					
	–				–
<b>Total</b>					
<b>Infrastructure Assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>COMMUNITY ASSETS</b>					
<b>Buildings:</b>					
Clinics and Hospitals	100 000				100 000
Halls Recreation	168 341				168 341
	<b>268 341</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>268 341</b>
<b>Recreational Facilities:</b>					
Fountains	11 471				11 471
	<b>11 471</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11 471</b>
<b>Security Measures:</b>					
Fencing	19 136				19 136
Security Systems	158 638				158 638
	<b>177 774</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>177 774</b>
<b>Total Community Assets</b>	<b>457 586</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>457 586</b>
<b>OTHER ASSETS</b>					
<b>Buildings:</b>					
Office Building	9 695 085		2 016 272		11 711 357
Other	11 802				11 802
Housing Council	422 486				422 486
Land And Unused Buildings	2 000				2 000
	<b>10 131 373</b>	<b>–</b>	<b>2 016 272</b>	<b>–</b>	<b>12 147 645</b>
<b>Office Equipment:</b>					
Air Conditioners	357 691			801	356 890
Computer Hardware	2 273 228	255 510		5 657	2 523 081
Computer Software	2 627 205				2 627 205
Office Machines	429 068	8 689		5 000	432 757
Miscellaneous	204 880	20 503		160	225 223
	<b>5 892 072</b>	<b>284 702</b>	<b>–</b>	<b>11 618</b>	<b>6 165 156</b>



	Accumulated Depreciation					Budget Additions 2006 R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Carrying Value R	
				-		
	-	-	-	-	-	-
	43 360	3 322		46 682	53 318	
	50 533	5 592		56 125	112 216	
	<b>93 893</b>	<b>8 914</b>	-	<b>102 807</b>	<b>165 534</b>	-
	2 476	2 287		4 763	6 708	
	<b>2 476</b>	<b>2 287</b>	-	<b>4 763</b>	<b>6 708</b>	-
	19 136			19 136	-	
	102 668	14 669		117 337	41 301	
	<b>121 804</b>	<b>14 669</b>	-	<b>136 473</b>	<b>41 301</b>	-
	<b>218 173</b>	<b>25 870</b>	-	<b>244 043</b>	<b>213 543</b>	-
	1 119 260	526 807		1 646 067	10 065 290	10 000 000
	9 510	784		10 294	1 508	
	133 494	14 035		147 529	274 957	
	-			-	2 000	
	<b>1 262 264</b>	<b>541 626</b>	-	<b>1 803 890</b>	<b>10 343 755</b>	<b>10 000 000</b>
	192 289	62 467	801	253 955	102 935	
	976 743	506 666	5 657	1 477 752	1 045 329	300 000
	238 497	794 984		1 033 481	1 593 724	
	222 906	86 614	5 000	304 520	128 237	
	81 416	36 562	160	117 818	107 405	
	<b>1 711 851</b>	<b>1 487 293</b>	<b>11 618</b>	<b>3 187 526</b>	<b>2 977 630</b>	<b>300 000</b>

	Opening Balance R	Additions R	Cost Under Construction R	Disposals R	Closing Balance R
<b>Plant And Equipment:</b>					
Farm Equipment	2 221 571				2 221 571
Trailers	3 251				3 251
Lawnmowers	3 811				3 811
Plant and Equipment General	17 980				17 980
Radio Equipment	122 366			5 052	117 314
Ambulance/ Clinic Equipment	53 053				53 053
Mobile Clinic	156 000				156 000
	<b>2 578 032</b>	<b>–</b>	<b>–</b>	<b>5 052</b>	<b>2 572 980</b>
<b>Furniture And Fittings:</b>					
Cabinets and Cupboards	376 390	21 502		2 210	395 682
Chairs	210 451	7 281		2 844	214 888
Furniture & Fittings Other	365 202	3 179		615	367 766
Kitchen Equipment	24 383	5 494		374	29 503
Tables and Desks	303 535	14 843		3 945	314 433
	<b>1 279 961</b>	<b>52 299</b>	<b>–</b>	<b>9 988</b>	<b>1 322 272</b>
<b>Motor Vehicles:</b>					
Buses	311 699				311 699
Fire Engines	354 160				354 160
Motor Vehicles	1 589 297				1 589 297
Trucks / Bakkies	1 176 652	793 136			1 969 788
	<b>3 431 808</b>	<b>793 136</b>	<b>–</b>	<b>–</b>	<b>4 224 944</b>
<b>Emergency Equipment:</b>					
Fire	6 185				6 185
Fire Hoses	3 637				3 637
Emergency Lights	288				288
General	192				192
	<b>10 302</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10 302</b>
<b>Total Other Assets</b>	<b>23 323 548</b>	<b>1 130 137</b>	<b>2 016 272</b>	<b>26 658</b>	<b>26 443 299</b>
<b>TOTAL</b>	<b>23 781 134</b>	<b>1 130 137</b>	<b>2 016 272</b>	<b>26 658</b>	<b>26 900 885</b>



	Accumulated Depreciation					Budget Additions 2006 R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Carrying Value R	
	540 833	210 103		750 936	1 470 635	
	3 251			3 251	–	
	1 075	759		1 834	1 977	
	17 382	166		17 548	432	
	122 366		5 052	117 314	–	
	53 053			53 053	–	
	156 000			156 000	–	
	<b>893 960</b>	<b>211 028</b>	<b>5 052</b>	<b>1 099 936</b>	<b>1 473 044</b>	<b>–</b>
	128 436	57 077	2 210	183 303	212 379	
	69 746	32 342	2 844	99 244	115 644	
	254 180	49 173	615	302 738	65 028	332 000
	12 458	3 822	374	15 906	13 597	
	89 467	46 139	3 945	131 661	182 772	
	<b>554 287</b>	<b>188 553</b>	<b>9 988</b>	<b>732 852</b>	<b>589 420</b>	<b>332 000</b>
	155 887	60 293		216 180	95 519	
	58 218	218 922		277 140	77 020	
	890 460	70 599		961 059	628 238	
	531 409	278 855		810 264	1 159 524	250 000
	<b>1 635 974</b>	<b>628 669</b>	<b>–</b>	<b>2 264 643</b>	<b>1 960 301</b>	<b>250 000</b>
	6 185			6 185	–	
	2 306			2 306	1 331	
	288			288	–	
	192			192	–	
	<b>8 971</b>	<b>–</b>	<b>–</b>	<b>8 971</b>	<b>1 331</b>	<b>–</b>
	<b>6 067 307</b>	<b>3 057 169</b>	<b>26 658</b>	<b>9 097 818</b>	<b>17 345 481</b>	<b>10 882 000</b>
	<b>6 285 480</b>	<b>3 083 039</b>	<b>26 658</b>	<b>9 341 861</b>	<b>17 559 024</b>	<b>10 882 000</b>

## APPENDIX B: SEGMENTAL ANALYSIS OF PROPERTY PLANT & EQUIPMENT

AS AT 30 JUNE 2006

Fixed Assets		Historical Cost			
Description	Opening Balance	Additions	Under Construction	Disposals	Closing Balance
Executive and Council	5 172 485	173 400			5 345 885
Finance and Administration	15 399 588	337 001	2 016 272	(15 049)	17 737 812
Planning and Development	555 625				555 625
Health	1 331 297			(903)	1 330 394
Community and Social services	140 970				140 970
Housing	—				—
Public safety	1 174 620			(10 706)	1 163 914
Primary Health Care	—	619 736			619 736
Road Works	—				—
Special Accounts	—				—
PIMMS	6 549				6 549
Water	—				—
Other	—				—
<b>TOTALS</b>	<b>23 781 134</b>	<b>1 130 137</b>	<b>2 016 272</b>	<b>(26 658)</b>	<b>26 900 885</b>

Fixed Assets		Accumulated Depreciation		Closing Balance	Carrying Value
Description	Opening Balance	Additions	Disposals		
Executive and Council	1 871 772	713 726		2 585 498	2 760 387
Finance and Administration	2 626 614	1 783 828	(15 049)	4 395 393	13 342 419
Planning and Development	241 367	90 771		332 138	223 487
Health	929 466	148 184	(903)	1 076 747	253 647
Community and Social services	2 566	32 748		35 314	105 656
Housing	—			—	—
Public safety	613 647	267 147	(10 706)	870 088	293 826
Primary Health Care	—	44 460		44 460	575 276
Road Works	—			—	—
Special Accounts	—			—	—
PIMMS	48	2 175		2 223	4 326
Water	—			—	—
Other	—			—	—
<b>TOTALS</b>	<b>6 285 480</b>	<b>3 083 039</b>	<b>(26 658)</b>	<b>9 341 861</b>	<b>17 559 024</b>



# 4.3

## APPENDIX C: SEGMENTED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus/ (Deficit) R		2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R
16 727 992	13 826 147	2 901 845	Executive and Council	82 953 617	36 576 014	46 377 603
19 132 977	13 852 253	5 280 724	Finance and	33 805 227	13 356 469	20 448 758
240 476 748	255 857 903	(15 381 155)	Administration	162 978 322	220 709 059	(57 730 737)
–	177 027	(177 027)	Planning and	–	1 141 330	(1 141 330)
1 316	1 267 036	(1 265 720)	Development	–	2 079 253	(2 079 253)
–	–	–	Health	–	–	–
417 535	757 156	(339 621)	Community and	–	1 249 698	(1 249 698)
6 069 311	6 068 471	840	Social services	–	–	–
9 089 262	9 203 911	(114 649)	Housing	–	–	–
–	–	–	Public safety	–	–	–
–	536 528	(536 528)	Primary Health Care	–	–	–
–	–	–	Road Works	–	–	–
–	77 784	(77 784)	Special Accounts	–	–	–
<b>291 915 141</b>	<b>301 624 216</b>	<b>(9 709 075)</b>	PIMMS	–	777 518	(777 518)
			Water	–	–	–
			Other	–	117 257	(117 257)
			<b>Sub Total</b>	<b>302 537 537</b>	<b>298 806 969</b>	<b>3 730 568</b>
–	–	–	Less			–
<b>291 915 141</b>	<b>301 624 216</b>	<b>(9 709 075)</b>	Inter-Dept. charges			–
			<b>TOTAL</b>	<b>302 537 537</b>	<b>298 806 969</b>	<b>3 730 568</b>

## APPENDIX D: ACTUAL VERSUS BUDGET (OPERATIONAL)

### FOR THE YEAR ENDED 30 JUNE 2006

	Actual 2006	Budget 2006	Variance R
<b>REVENUE</b>			
Regional Services Levy- Turnover	11 984 273	11 315 000	(669 273)
Regional Services Levy- Remuneration	14 527 134	10 685 000	(3 842 134)
Rental	3 002	66 000	62 998
Service charges	–	–	–
Investment Interest	4 107 112	1 554 300	(2 552 812)
Other Interest	2 215 077	400 000	(1 815 077)
Income for agency services	22 800 371	–	(22 800 371)
Government grants and subsidies	84 952 955	86 596 000	1 643 045
Other Local Authorities	–	–	–
Tariffs and Charges	600	–	(600)
Public Contributions	–	–	–
Other income	973 108	50 000	(923 108)
Gains on disposal of property, plant and equipment	11 855	–	(11 855)
<b>Sub- Total</b>	<b>141 575 487</b>	<b>110 666 300</b>	<b>(30 909 187)</b>
Recovered from Grants and subsidies i.r.o expenditure.	160 962 050	149 631 000	(11 331 050)
<b>Total Income</b>	<b>302 537 537</b>	<b>260 297 300</b>	<b>(42 240 237)</b>
<b>EXPENDITURE</b>			
Employee related costs	43 268 696	29 687 700	(13 580 996)
Remuneration of Councillors	3 222 422	3 388 100	165 678
Bad debts	7 626 451	–	(7 626 451)
Collection costs	2 101 724	1 713 000	(388 724)
Depreciation	3 083 179	2 664 100	(419 079)
Repairs and maintenance	949 583	516 200	(433 383)
Contracted services	35 582	120 000	84 418
Grants and Subsidies paid	8 467 445	8 643 900	176 455
General expenses-other	57 140 312	52 703 900	(4 436 412)
Contributions to provisions	11 949 525	11 229 400	(720 125)
Loss on disposal of property, plant and equipment	–	–	–
<b>Sub- Total</b>	<b>137 844 919</b>	<b>110 666 300</b>	<b>(27 178 619)</b>
General expenses-Conditional Grants	160 962 050	149 631 000	(11 331 050)
<b>Total Expenditure</b>	<b>298 806 969</b>	<b>260 297 300</b>	<b>(38 509 669)</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>3 730 568</b>	<b>–</b>	<b>(3 730 568)</b>



Variance %	Explanation of Significant Variances Greater than 10% versus Budget
6	
36	Concerted effort made to collect all possible levies before the abolishment thereof.
-95	No rental received due to poor condition of rental houses, needs to refurbished first.
164	Increased interest due to slower spending on projects.
454	Increased declaration of old outstanding levies accompanied with interest thereon.
100	No revenue included in budget due to a lack of information.
-2	
100	
1846	No sundry income envisaged during budget process.
100	Not foreseen to sell off any written off assets.
8	
46	Agency function salaries not included in budget due to a lack of information.
-5	
100	No budget provision due to Council's previous approach to outstanding Government Debt.
23	Increased collection cost due to increased rate of collection on outstanding levies.
16	Actual purchase dates preceded the planned dates.
84	Extensive repairs required, not foreseen during budget process.
-70	Services rendered internally.
-2	
8	
6	
8	

## APPENDIX E: CONDITIONAL GRANTS AND RECEIPTS

### AS AT 30 JUNE 2006

	UNSPENT BALANCE 1/07/2005	CURRENT YEARS RECEIPTS
Equitable Share Projects	19 389 247.27	11 900 132.00
Free Basic Services Projects	11 105 960.69	
Qutubeni Soil Conserv. Phase 1	24 468.48	
Sports Facility:Tsono	100 516.44	
Sports Facility:Cofimvaba Phase 3	310 351.97	
Sports Facility:Whittlesea	33 265.90	
Sports Facility:Hofmeyer	59 751.86	
Sports Facility:Lingelihle	114 059.91	
Sports Facility:Sterkstroom Masakhe	182 567.50	
I.D.T. Water Project	39 863.80	
Cala Sports Complex	184 354.29	
LED:Kwagcina Community Garden	100 000.00	
LED Forum:Discretionary Funds	106 465.71	
LED:Strategy	4 538.81	
Income Generating Projects	87 034.51	
Depart.Transport Taxi Ranks	1 236 968.85	
Land Tenure Rights (Lesseyton Survey)	26 136.97	
Ilinge Pilot Housing	73 295.96	
Multi Purpose Youth Centre	(31 946.53)	
Ilinge Cadastral Survey Programme	11 359.93	
ILINGE:T/Ship Projects H & Loc. Government	9 314.52	
Imvuni Projects	39 769.74	
CBPWP Poverty Relief 4	4 163 481.49	
DWAF : Goboti Sanitation	898 231.70	
DWAF: Nyalasa Sanitation	938 356.84	
DWAF: WSDP	(214 697.61)	315 000.00
Social Plan Grant	1 802.88	
Multi-Purpose Sport Lady Frere	127 724.44	
Multi Purpose Sport Engcobo	23 529.50	
Emalahleni Youth Development	659 194.29	
Emalahleni Buildings	730 671.91	
ISRDP Programme-Summary	26 369 597.41	1 331 000.00
Regional Authorities Fund	91 266.77	
MIG	14 631 328.11	116 414 931.58
Dev of Inter-Governmental Relations	200 389.80	
MSIG	4 284 663.51	1 000 000.00
Survey of Waverly	154 062.64	
Cofimvaba Sports Facility	(34 274.58)	
Sterkstroom Sports Facility	71 938.57	
Lady Frere Sports Facility	108 379.94	
Engcobo Sports Facility	131 147.76	
Cradock Sports Facility	27 074.54	
Cala Sports Facility	74 756.57	
Finance Management Grant	1 366 618.99	1 000 000.00
DWAF:Tsono RDP 3 WS(EA615)	166 534.67	
DWAF:Bojane/Skobeni Water Supply	8 438.95	
DWAF:Cacadu Regional Wa	2 638 265.25	1 000 000.00
Balance carried forward	<b>90 825 830.92</b>	<b>132 961 063.58</b>



INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2006
	(28 502 142.74)			2 787 236.53
				11 105 960.69
				24 468.48
1 984.22	(56 298.51)			46 202.15
17 653.84			(149 836.99)	178 168.82
753.98	(30 302.11)			3 717.77
3 398.88	(51 902.09)			11 248.65
6 488.10	(23 728.22)			96 819.79
10 385.04				192 952.54
2 267.58				42 131.38
				184 354.29
				100 000.00
				106 465.71
				4 538.81
4 950.81				91 985.32
70 362.87				1 307 331.72
1 481.11				27 618.08
4 134.46				77 430.42
(1 817.22)	(1 000.00)			(34 763.75)
646.19				12 006.12
529.84			(20 000.00)	(10 155.64)
2 262.23	(36 562.30)			5 469.67
30 957.41	(44 518.81)		(3 838 581.84)	311 338.25
51 094.39				949 326.09
(42 264.14)	(3 229 261.86)		(3 000.00)	(2 336 169.16)
(7 783.44)	(428 975.87)			(336 456.92)
102.55				1 905.43
7 124.83	(2 985.60)			131 863.67
1 338.44				24 867.94
36 682.06	(31 008.88)			664 867.47
41 563.03				772 234.94
1 137 187.89	(8 365 847.46)			20 471 937.84
5 191.56				96 458.33
844 887.25	(70 774 522.98)			61 116 623.96
11 398.83				211 788.63
207 284.27	(1 779 169.00)			3 712 778.78
8 763.59				162 826.23
(7 648.05)	(138 499.88)			(180 422.51)
1 581.29	(66 925.08)			6 594.78
5 889.03	(6 514.18)			107 754.79
7 013.72	(10 536.66)			127 624.82
1 251.51	(6 811.57)		(113 916.32)	(92 401.84)
4 023.41	(5 405.13)			73 374.85
89 112.12	(1 087 853.74)			1 367 877.37
(3 449.62)	(290 285.49)			(127 200.44)
480.04				8 918.99
139 063.74	(850 049.02)		54 000.00	2 981 279.97
<b>2 696 327.38</b>	<b>(115 821 107.18)</b>		<b>(4 071 335.15)</b>	<b>106 590 779.81</b>

	UNSPENT BALANCE 1/07/2005	CURRENT YEARS RECEIPTS
Balance brought forward	<b>90 825 830.92</b>	<b>132 961 063.58</b>
DWAF:Klein Bulhoek Sanitation	683 484.22	
Tembani Projects	358 627.20	
Tylden Pilot Housing	93 776.17	
Crisis Relief	130 368.14	
Thornhill Projects	569 625.24	
Performance Management System	1 665.97	
Presidential Project:Zimele Trust	21 368.42	
Road Management System	70 894.74	
LDO'S:Land Affairs	4 408.65	
MAPPING:Cofimvaba/Lady Frere	125 759.46	
DWAF: Gudubeni Sanitation	152 967.96	
DWAF:Lesseyton Sanitation	62 894.24	
Waste Management	6 495.61	
Disaster Funds:Homeless & Destitute Families	75 431.08	
DWAF:Qoqodala(EC601)	800 970.19	
DWAF:Cofimvaba(EC602)	691 733.06	1 000 000.00
DWAF:Zingquthu (EC603)	637 389.07	
DWAF:Feasibility Studies(EC605)	2 596 729.24	
ISRDP:Lower Vaalbank Sheep Shearing	143 495.32	
IDP Review	325 615.40	
IDP - HLG - Intsika Yethu	100 000.00	
HIV/AIDS Stipends Lukhanji	419 734.01	
HIV/AIDS Stipends Inxuba Yethemba	173 431.58	
HIV/AIDS Stipends Intsika Yethu	1 157 943.00	
HIV/AIDS Stipends Emalahleni	926 175.00	
HIV/AIDS Stipends Engcobo	191 650.16	
HIV/AIDS Stipends Tsolwana	99 063.64	
Lukhanji: HIV Stipend Person	188 500.00	
Enalahleni:HIV Stipend Person	240 000.00	
HIV/AIDS Stipends Admin Costs	14 250.00	
HIV/AIDS Stipend Inkwanca	84 150.00	
Health Seed/Medicine	3 456.91	
HIV/AIDS Home Based Care Kits	41 808.82	
AIDS/HIV Drugs Inxuba Yethemba	377 311.00	
HIV/AIDS Drugs Tsolwana	48 308.00	
HIV/AIDS Drugs Lukhanji	490 497.00	
HIV/AIDS Drugs Sakhisizwe	68 171.00	
HIV/AIDS Drugs Chris Hani	267 171.20	
HIV/AIDS Drugs Emalahleni	34 000.00	
HIV/AIDS Drugs Engcobo	18 387.98	
HIV/AIDS Drugs Intsika Yethu	34 000.00	
Ekuthuleni/Hota-Mbewula Water (EC 677)	55 196.51	
Health NGO'S	642 864.00	
DWAF:Engcobo Sanitation(EC604)	2 335 726.12	
Engcobo WARD 5 Sanitation	10 748.55	
DWAF:Emalahleni Ward 1 Sanitation	1 481 828.37	
Emalahleni:Ward 3 Sanitation	1 500 615.99	
<b>Balance carried forward</b>	<b>109 384 519.14</b>	<b>133 961 063.58</b>



INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2006
<b>2 696 327.38</b>	<b>(115 821 107.18)</b>		<b>(4 071 335.15)</b>	<b>106 590 779.81</b>
27 152.26	(760 345.02)			(49 708.54)
20 399.90				379 027.10
5 334.30	4 188.41			103 298.88
				130 368.14
32 402.17				602 027.41
94.77	(450.00)			1 310.74
200.10				21 568.52
5 492.16				76 386.90
250.78				4 659.43
7 095.62				132 855.08
8 701.32				161 669.28
3 577.63				66 471.87
369.49				6 865.10
4 290.77				79 721.85
8 819.44	(1 235 373.09)			(425 583.46)
31 372.20	(1 322 062.58)		(4 465.39)	396 577.29
36 256.80				673 645.87
130 806.39	(399 296.30)			2 328 239.33
				143 495.32
(6 306.50)			(311.07)	318 997.83
	(100 000.00)			
(315 600.00)			188 500.00	292 634.01
				173 431.58
(937 200.00)				220 743.00
(612 000.00)			240 000.00	554 175.00
(60 000.00)				131 650.16
(99 000.00)				63.64
			(188 500.00)	
			(240 000.00)	
				14 250.00
(28 800.00)				55 350.00
				3 456.91
				41 808.82
				377 311.00
				48 308.00
				490 497.00
				68 171.00
				267 171.20
				34 000.00
				18 387.98
				34 000.00
(16 480.78)	(1 440 246.75)			(1 401 531.02)
				642 864.00
(65 219.29)	(6 476 128.16)			(4 205 621.33)
(98 708.75)	(3 548 253.79)			(3 636 213.99)
40 919.26	(1 177 887.89)			344 859.74
60 081.50	(554 040.36)			1 006 657.13
<b>880 629.18</b>	<b>(132 831 002.35)</b>		<b>(4 076 111.61)</b>	<b>107 319 097.58</b>

	UNSPENT BALANCE 1/07/2005	CURRENT YEARS RECEIPTS
<b>Balance brought forward</b>	<b>109 384 519.14</b>	<b>133 961 063.58</b>
CHDM:Bucket Irraditation	119 804.80	5 094 389.47
Other:Bucket Irradication	7 778 991.10	
Intsika Yethu:Ward 17 & 18 Sanitation	(158 705.21)	1 656 034.03
Tsojana Water Supply	821 508.52	
DWAF:Contingency Plan	7 876.18	
Emalahleni:Ward 2 & 10 Sanitation	2 804 775.53	
DHLG: Nogate - Qamata Survey	119 574.34	
WSA Business Plan	1 079 979.09	2 873 544.45
DWAF:Gcibhala Sanitation	400 775.62	
DWAF:Gceza Sanitation	214 596.14	
DWAF-Lower Goaga WS (EC 666)	308 917.79	
DWAF:Mahlungulu Water Supply	42 324.99	
DWAF:Ntsela Water Supply	86 947.20	
DWAF:Zola Phakamisa Water Supply	21 459.61	
DWAF:Cofimvaba(EC113)	158 801.14	
DWAF:Ntabethemba Ward 4 Sanitation	160 947.10	
DWAF:Zadungeni V (EC619)	96 568.26	
DWAF:Mnyolo & Others WS (EC622)	107 298.08	
DWAF:Rhaleni Water Supply(EC654)	15 167.25	
DWAF:Cofimvaba Sanitation EU	284 624.22	
DWAF:Sanitation Information Office(EC86)	21 459.61	
Renovation of Middleburg Intergrated EN	967 987.86	
Sakhisizwe Multi Purpose Resource Centre	448 000.00	
DWAF-Attendance Allowance	8 302.58	
L G H : LDO'S	18 413.14	
L G H : Community Development Workers	258 339.30	
Ilinge Housing DHLG	593 977.41	
IRDP:MSP(Provincial)	897 140.04	
Survey Thembani/Ntabathemba	88 956.81	
Civil Protection(Additional Funds)	6 749 515.83	3 500 000.00
Land Use Planning Machubeni	4 981.69	
Tsomo:Ground Water Scheme ADM	424 913.77	
Job Evaluation	19 656.85	145 500.00
Trust Recurrent Expenditure		
DWAF: Drought Relief	393 654.25	8 521 006.26
DWAF: Transfer Studies	505 630.59	302 164.20
DWAF: Cacadu Villages	537 450.27	1 000 000.00
DWAF:Dubeni DWS	68 064.10	566 000.00
DWAF: Project	1 013 193.66	
DWAF: Tsomo RDP 2	185 323.53	
DWAF: Tsojana Sanitatiion	2 165 054.98	
DWAF: Hewu Grounds	911 260.65	
DWAF: Hota / Mbewula Sanitation	(103 926.03)	
	<b>140 034 101.78</b>	<b>157 619 701.99</b>



INTEREST ALLOCATED	TRANSFER TO REVENUE	CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30/06/2006
<b>880 629.18</b>	<b>(132 831 002.35)</b>		<b>(4 076 111.61)</b>	<b>107 319 097.58</b>
76 215.98				5 290 410.25
	(2 801 631.90)			4 977 359.20
(2 705.14)	(789 559.12)			705 064.56
17 235.83	(706 197.62)			132 546.73
448.02				8 324.20
159 544.89				2 964 320.42
6 801.78				126 376.12
68 656.90	(2 512 182.52)		(10 000.00)	1 499 997.92
(8 472.57)	(1 151 655.77)			(759 352.72)
12 206.94				226 803.08
(5 515.95)	(1 386 435.62)		(134 220.73)	(1 217 254.51)
97.47	(125 739.38)			(83 316.92)
(6 243.23)	(766 484.25)			(685 780.28)
1 220.69				22 680.30
9 033.13				167 834.27
9 155.20				170 102.30
5 493.12				102 061.38
(9 779.96)	(2 161 018.69)			(2 063 500.57)
(6 015.43)	(644 691.74)			(635 539.92)
1 835.57	(574 574.97)			(288 115.18)
1 188.22	(3 978.10)			18 669.73
	(500.00)			967 487.86
	(40 500.00)			407 500.00
472.28				8 774.86
1 043.15				19 456.29
	127 781.11			386 120.41
33 787.40			20 000.00	647 764.81
47 820.76	(49 665.63)			895 295.17
5 021.70				93 978.51
396 129.16	(4 840 218.87)	(2 016 272.46)		3 789 153.66
283.37				5 265.06
				424 913.77
	(106 096.60)		(6 746.14)	52 314.11
			360.00	360.00
308 275.76	(53 070.60)			9 169 865.67
4 909.81	(500 000.00)			312 704.60
(60 629.38)	(2 410 893.56)			(934 072.67)
9 239.60	(516 229.00)			127 074.70
57 633.80	(103 926.02)			966 901.44
(101 780.33)	(5 486 490.89)			(5 402 947.69)
123 155.48				2 288 210.46
32 809.84	(505 781.00)			438 289.49
(6 302.80)	(21 306.60)		145.56	(131 389.87)
<b>2 062 900.24</b>	<b>(160 962 050.05)</b>	<b>(2 016 272.46)</b>	<b>(4 206 572.92)</b>	<b>132 531 808.58</b>

## APPENDIX F: GLOSSARY

<b>Aids</b>	Acquired Immune Deficiency Syndrome		Development Programme
<b>AG</b>	Auditor General	<b>ITIL</b>	Information Technology Information Library
<b>ARV'S</b>	Antiretrovirals	<b>KPA</b>	Key Performance Areas
<b>CDW's</b>	Community Development Workers	<b>LAC</b>	Local Aids Council
<b>CHDM</b>	Chris Hani District Municipality	<b>LAN</b>	Local Area Network
<b>CIlr</b>	Councillors	<b>LED</b>	Local Economic Development
<b>DAC</b>	District Aids Council	<b>LGICT (EC)</b>	Local Government Information Communication Technology
<b>DBSA</b>	Development Bank South Africa	<b>LGWSETA</b>	Local Government Water Seta
<b>DEAT</b>	Department of Economic Affairs and Tourism	<b>LM</b>	Local Municipality
<b>DM</b>	District Municipality	<b>LSA</b>	Local Service Area
<b>DRP</b>	Disaster Recovery Plan, Eastern Cape	<b>MDR</b>	Multi Drug Resistant
<b>DWAF</b>	Department of Water Affairs	<b>MFMA</b>	Municipal Finance Manager Act (56 of 2003)
<b>EHP</b>	Environmental Health Practitioner	<b>MHS</b>	Municipal Health Services
<b>EM</b>	Environmental Management	<b>MIG</b>	Municipal Support Program
<b>EPWP</b>	Expanded Public Works Programme	<b>MQA</b>	Mining Qualification Authority
<b>G &amp; ID</b>	Governance and Institutional Development	<b>MSP</b>	Municipal Support Programme
<b>GAMAP</b>	General Accepted Municipal Accounting Practice	<b>PDR</b>	Project Definition Report
<b>GIS</b>	Geographic Information System	<b>PHC</b>	Primary Health Care
<b>GRAP</b>	Generally Recognised Accounting Practice	<b>RSC</b>	Regional Service Council
<b>H &amp; CS</b>	Health and Community Services	<b>SALGA</b>	South African Local Government Authority
<b>HIV</b>	Human Immunodeficiency Virus	<b>SAN</b>	Storage Area Network
<b>ICT</b>	Information Communication Technology	<b>SEDA</b>	Small Enterprise Development Agency
<b>ICTSC</b>	Information Communication Technology Steering Community	<b>SITA</b>	State Information Technology Agency
<b>IDP</b>	Integrated Development Plan	<b>SSA</b>	Service Support Agency
<b>IMFO</b>	Institute of Municipal Finance Officers	<b>VCT</b>	Voluntary Counselling and Testing
<b>IMST</b>	Information Management System Technology	<b>WAN</b>	Wide Area Network
<b>IPED</b>	Integrated Development Plan	<b>WSP</b>	Water Service Provider
<b>ISRDP</b>	Integrated Sustainable Rural	<b>WMPF</b>	Website Management Procedures Framework
		<b>WSA</b>	Water Service Authority



MUNICIPALITY	CONTACT DETAILS	MAYOR	MUNICIPAL MANAGER
<b>INTSIKA YETHU</b> (Cofimvaba/Tsomo)	201 MAIN STREET P O Bag x1251, COFIMVABA, 5380 Tel: 047 874 5213   Fax: 047 874 0010 Email: mvikov@intsikayethu.gov.za	Mr. S Plata 047 874 0262 083 757 5373	Mr Z Shasha 072 261 1510
<b>INXUBA YETHEMBA</b> (Cradock/Middleburg)	1 JACALATA STR; P O Box 24, CRADOCK, 5880 Tel: 048 881 1515   Fax: 048 881 1421 Email: cdktlc@intekom.co.za	Mr. M Zenzile 083 262 3438	Mr. Z Tantsi 082 320 5071
<b>EMALAHLENI</b> (Dordrecht/Lady Frere)	37 INDWE RD; Private Bag x1161, LADY FRERE, 5410 Tel: 047 878 0020   Fax: 047 878 0112	Mrs Nolitha Lali 072 441 7650	Mr J Kwepile (Acting Municipal Manager) 083 500 2396
<b>INKWANCA</b> (Molteno/ Sterkstroom)	39 SMITH STR P O Box 1, MOLTENO, 5500 Tel: 045 967 0021   Fax: 045 967 0467 Email: inkwancam@mweb.co.za	Mr. Eric Mzumzima Yekani 045 967 0882 083 387 5114	Mr. A N Ncube 083 619 7153 nkosinin@lgnet.org.za
<b>LUKHANJI</b> (Queenstown/W/sea)	70 CATHCART RD Private Bag X7111, QUEENSTOWN, 5320 Tel: 045 807 2600   Fax: 045 807 2733 Email: administration@lukhanji.co.za	Mr Mzwabantu Dapula 045 807 2746 082 450 4534	Mr. Professor Bacela 082 450 4499 mk@lukhanji.co.za
<b>TSOLWANA</b> (Tarkastad/ Hofmeyr/ Ntabethemba)	12 MARRAY STR P O Box 21, TARKASTAD, 5370 Tel: 045 846 0033   Fax: 045 846 0025 Email: tsolwanamun@telkomsa.net	Mrs Marina Bennett 073 252 1608	Mr S Dayi 082 773 4674
<b>ENGCOBO</b>	54 UNION STREET P O Box 24, ENGCOBO, 5050 Tel: 047 548 1221   Fax: 047 548 1078 Email: admin@engcobolm.org.za	Cllr. Lamla Jiyose 047 548 1221 083 248 0254	Mr D Mvulane 082 518 5254
<b>SAKHISIZWE</b> (Cala/ Elliot)	458 UMTATHA RD P O Box 26, CALA, 5455 Tel: 047 877 0034   Fax : 047 877 0000 Email: mwelliot@iafrica.com	Ms Weziwe Tikana 047 877 0167 072 193 2163	Mr. T Samuel 082 829 9446



## 4.8

## CONCLUSION

The CHDM has had a successful year, once more. The Council has managed to sit for all its 11 Council Meetings and made various strides in policy adoption. The IDP, Budget and SDBIP were all approved in time by Council. That translated to the 100% spending of all our Capital Budget. That is focused at making sure that our people receive all the basic services. This backlog is still a challenge and demands of us more resource mobilization.

- Skills
- Finances and
- Equipment

As at present the organisational architecture provides back on back in terms of staffing. The political senior management declaration is reflected under Note 20 of the Annual Financial Statements. The disclosures for the councillors are as follows:

DISCLOSURES FOR COUNCILLORS	2005-6 R	DISCLOSURES FOR COUNCILLORS	2005-6 R
<b>Remuneration of the Executive Mayor</b>		<b>Remuneration of the Speaker</b>	
Salary	233 259	Salary	186 608
Medical Aid	–	Medical Aid	1 014
Pension	34 989	Pension	–
Housing	38 246	Housing	38 246
Car Allowance	58 315	Car Allowance	46 652
<b>Total</b>	<b>364 809</b>	<b>Total</b>	<b>272 520</b>
<b>Remuneration of Cllr N Dzedze</b>		<b>Remuneration of Cllr L Jojiyasi</b>	
Salary	43 736	Salary	131 209
Medical Aid	2 028	Medical Aid	9 032
Pension	2 187	Pension	19 681
Housing	9 562	Housing	28 685
Car Allowance	10 934	Car Allowance	32 802
<b>Total</b>	<b>68 447</b>	<b>Total</b>	<b>221 409</b>
<b>Remuneration of Cllr NC Matswele</b>		<b>Remuneration of Cllr M C Koyo</b>	
Salary	131 209	Salary	174 945
Medical Aid	9 064	Medical Aid	14 326
Pension	19 681	Pension	26 242
Housing	28 685	Housing	38 246
Car Allowance	32 802	Car Allowance	43 736
<b>Total</b>	<b>221 441</b>	<b>Total</b>	<b>297 495</b>

DISCLOSURES FOR COUNCILLORS	2005-6 R	DISCLOSURES FOR COUNCILLORS	2005-6 R
<b>Remuneration of Cllr N Mvana</b>		<b>Remuneration of Cllr L Gunuza</b>	
Salary	174 945	Salary	174 945
Medical Aid	11 791	Medical Aid	9 060
Pension	26 242	Pension	26 242
Housing	38 246	Housing	38 246
Car Allowance	43 736	Car Allowance	43 736
<b>Total</b>	<b>294 960</b>	<b>Total</b>	<b>292 229</b>
<b>Remuneration of Cllr Z R Shweni</b>		<b>Remuneration of Cllr R Xuma</b>	
Salary	174 945	Salary	43 736
Medical Aid	13 656	Medical Aid	–
Pension	26 242	Pension	2 187
Housing	38 246	Housing	9 562
Car Allowance	43 736	Car Allowance	10 934
<b>Total</b>	<b>296 825</b>	<b>Total</b>	<b>66 419</b>

There is still a lot of work that still needs to be done in the avenue of:

- Financial Management
- Capacity building
- Municipal support
- Community participation
- Marketing

We wish to thank the following institution that continue support, guide and shape us in the programme creating a better life.

- Provincial Treasury
- Dept of Provincial & Local Government
- National Treasury
- Local municipalities within CHDM
- Parastatals
- SALGA
- Provincial Depts. that work with us e.g. (DSRAC, HEALTH, AGRICULTURE, ECONOMIC AFFAIRS etc).
- Provincial Dept of Housing, Local Government and Traditional Affairs
- Communities

In conclusion, it is our sincere wish that we continue to improve to produce a report that will reflect truly what is happening on the ground. With our PMS (Performance Management System) shaping up, we shall continue to strive for effective service delivery, efficient use of our resources and all that be done within the economic constraints of CHDM.



## NOTES





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DISTRICT MUNICIPALITY

